

The Rescue of the Peso: A Humbling Experience For Its Loans, Mexico Will Pay A Weighty Price in Sovereignty

By Alan Friedman

PARIS — Mexico will pay a heavy price, ceding a significant chunk of its national sovereignty, in order to tap into nearly \$50 billion of emergency U.S. and international loans that are designed to stanch its financial crisis.

While President Ernesto Zedillo Ponce de León has been quick to tell domestic audiences that the new loan package will not threaten "the sovereignty of the na-

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tion," the reality is that the economic conditions expected to be imposed by the International Monetary Fund mean that his government will effectively share control of its destiny for many months to come.

The IMF guidelines, while in theory only tied to \$17.5 billion of the rescue money, will almost certainly set the standard for the other major components of the package, including \$10 billion of loans from the world's leading central banks and \$20 billion from the U.S. Treasury.

The details of the global rescue for Mexico are going to top the agenda when finance ministers from the Group of Seven nations meet in Toronto on Friday and Saturday. But it is already clear that at the heart of any program of economic measures will be the need to burst the inflationary bubble that is resulting from Mexico's bungled devaluation of the peso. Among the conditions most likely to be set are:

- That Mexico offer future oil revenue as collateral against the \$20 billion of U.S. Treasury credits and the \$10 billion of non-U.S. central bank loans that are to be coordinated by the Basel-based Bank for International Settlements, the central bankers' clearinghouse.

- That Mexico carry out a much more rigorous management of its money supply, meaning higher interest rates that will slow down economic growth and could even plunge Mexico into a recession.

- That Mexico tighten its fiscal policy, meaning a range of public spending cuts.

- That Mexico impose stronger controls on credits for the development of Mexican industry that have been handed out to companies by the government much too freely.

Some Mexico-watchers may argue that

this is what Mexican policymakers would have had to do under any circumstances. But there is no doubt that the conditions attached to the international rescue package will act as a powerful discipline, just as was the case in 1982, when the IMF forced Mexico into a severe austerity program following its debt crisis.

The conditions will force President Zedillo to take steps that might have been otherwise hard to push through. Yet, they will also give him an argument to use against critics, namely that without such measures the country would not have gained access to desperately needed funds and would have faced financial chaos.

Robert D. Hormats, a former senior U.S. financial official and the vice-chairman of Goldman Sachs (International) Inc., noted in an interview Wednesday that "any country that has an IMF agreement has to meet certain conditions and loses a certain amount of its own sovereignty by virtue of the fact that it has to adhere to those conditions." He added, however, that the likely conditions did not appear to be unreasonable given the situation.

Meanwhile, in domestic Mexican political terms, what almost every foreign financial official involved in the rescue agrees upon is that tough as the economic measures may be, the new loan package will hurt national pride far less than would have been the case if Mexico had been on the receiving end of congressional conditions attached to the Clinton administration's aborted \$40 billion package of loan guarantees.

Among the conditions being proposed in Congress were drastic limits on Mexico's political and economic relations with Cuba, steps to clamp down on illegal emigrants headed for the United States, an increase in Mexico's minimum wage and the setting up of a currency board to keep the peso pegged to the U.S. dollar.

Most of these conditions — and especially the restrictions on ties to Cuba or the boosting of a minimum wage — were either impractical or just purely political, and they bore little relation to the curing of Mexico's liquidity crisis. Some were simply leftover ideas that congressional critics of the North American Free Trade Agreement failed to attach to that trade deal before it was approved in late 1993.

Among the sharpest consequences of the conditions that will soon be imposed on Mexico in exchange for its rescue package is the danger of recession.

A Cairo Summit for Mideast Peace

By Barton Gellman
and Kimberly Dozier

JERUSALEM — The leaders of Israel, Egypt, Jordan and the Palestine Liberation Organization will gather Thursday in Cairo for their first four-way summit meeting.

Israeli officials bill the meeting as a convocation of the Middle East "peace club," bringing together for the first time all the Arab parties that have signed agreements with Israel. The four leaders hope to set aside the considerable tensions among them in order to stanch the loss of popular support for negotiated movement toward Palestinian self-rule.

Diplomats who have monitored preparation of the summit talks expect a joint communiqué denouncing terrorism, which would be especially welcome in Israel but is highly relevant to Egypt as well in its battle with Islamic fundamentalists. Little is expected from the meeting by way of concrete initiative.

"The message will be in the image of those four leaders standing together and supporting the peace process," said Israel's chief government spokesman, Uri Dromi. "It's not a small thing. We're talking about perceptions here."

Israeli-Palestinian talks, poisoned by violence and festering grievances among the two publics, have not officially been suspended, but they have not taken place since a Jan. 22 suicide bombing killed 21 young Israelis.

Prime Minister Yitzhak Rabin and Yasser Arafat, chairman of the PLO, are both battered by rejectionists, and for the first time they face domestic majorities that tell public opinion pollsters the talks should stop.

Thursday's meeting, in which President Hosni Mubarak of Egypt will be host, was said here and in Cairo to be Mr. Mubarak's way of trying to improve the standing of both men. The summit meeting "is to give the impression to the Israeli

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Interest Rates Go Up in U.S. To Counter Inflation Pull

Move Needed to Sustain
Economic Expansion,
Federal Reserve Says

By Lawrence Malkin

NEW YORK — With the world's financial markets expecting it because of the strength of the U.S. economy, the Federal Reserve raised short-term interest rates another half a percentage point Wednesday and sent a signal that it still stood firmly against inflation.

There was immediate speculation about whether the Federal Open Market Committee, after raising the federal funds rate to 6 percent, twice its level of a year ago, would now take a long pause from rate increases to ensure that the Fed's drive to contain inflation did not cause the American economic recovery to stall.

Care will be needed because the rate increase will mean higher borrowing costs across the board, from working capital for businesses to home mortgage equity lines and other consumer loans. Rates on savings deposits also will be expected to move higher. Many commercial banks responded quickly Wednesday by raising their prime rate, the rate they charge their most important customers, to 9 percent from 8.5 percent.

In an announcement, the policy-making committee of the U.S. central bank said: "Despite tentative signs of some moderation in growth, economic activity has continued to advance at a substantial pace, while resource utilization has risen further. In these circumstances, the Federal Reserve views these actions as necessary to keep inflation contained, and thereby foster sustainable economic growth."

What the Fed did formally was to raise its discount rate — the rate charged by the Federal Reserve on loans to commercial banks — half a percentage point, to 5.25 percent, and declare that the increase should be reflected in money markets.

Pressures have been mounting from politicians, the financial markets, and academic economists for the Fed to avoid economic overkill.

Last year's growth was about 4 percent, with inflation below 3 percent, the best performance in a generation. Moreover, this week's data on wage costs, which account for 80 percent of manufacturing costs, showed they rose by 3 percent for the entire year, the lowest on record.

So why tighten credit again? The answer lies in the financial markets. Wall Street economists had warned that failure by the Fed to move might frighten investors out of dollars and Treasury bonds.

"What would have happened if they did not, is one of the reasons that they did," explained David Munro of High Frequency Economics.

The Fed chairman, Alan Greenspan, had more or less ignored Mexico in his calculations on whether to tighten credit for domestic reasons and, with the new rescue package, there was less reason to worry that higher U.S. interest rates would pull more money out of Mexico.

"They are freer to act with no fears of Mexico," said Neal Soss of the fund managers Soss & Cotton.

The effects of the move are likely to be felt more in America than abroad.

Paul Chertkow of UBS Securities in London noted that Europe and Japan were at less-advanced points in the economic cycle and were watching their domestic economies as closely as the Fed was watching events in the United States. This means they are unlikely to follow the Fed in raising interest rates to compete for capital or maintain their currencies, and the result of that is likely to be a stronger dollar.

David Jones of Aubrey G. Lanston & Co. said he expected the central bank to wait until late spring or early summer to determine whether it has done enough to slow the economy, and then decide whether to move again. Therefore, he expects Mr. Greenspan's semiannual report in Congress later this month, giving the Fed's targets for the economy, to have less significance for financial markets than usual.

But Sam Kahan of Fuji Securities thought the Federal Reserve would still keep watching the statistics. "The evidence will depend on the numbers," he said. "If we don't see any deceleration, the Fed will tighten again."



A worker in Zell, Germany, beginning to clean up as the Moselle River receded on Wednesday.

Flooding Threatens Dikes in Netherlands

By Barry James

Dikes in the Netherlands, although strained and weakened, held back rivers swollen to some of the highest levels this century on Wednesday. Because of flooding or the threat of flooding, nearly a quarter of a million people in the Netherlands have fled or been ordered to leave by Thursday morning.

In Germany, France and Belgium, floodwaters slowly ebbed, leaving behind damage estimated at hundreds of millions of dollars. At least 27 people have been killed by the flooding in northern Europe.

Although heavy rains had stopped, the level of the rolling rivers continued to rise downstream in the Netherlands.

Thousands of hectares in Gelderland, a low-lying province in the eastern Netherlands, were submerged, but with the evacuations only one death was reported in the country.

The biggest threat on Wednesday was to a basin west of the city of Nijmegen, where the rivers Rhine, Waal and Meuse run in parallel only a few kilometers apart.

The police evacuated about 3,000 people from the town of Ochten, 40 kilometers (25 miles) of Nijmegen, where a dike threatened to collapse.

Engineers said the biggest danger was not rivers flowing over the dikes, but erosion that would cause a collapse. They

were looking for signs that the water seeping from the dikes had turned muddy or sandy, indicating that the defenses were collapsing from within.

"The dikes are soaked and weak," said Wijnand van Buuren, a spokesman for the crisis center at Tiel, close to a point where the Waal and Meuse rivers converge in within a few hundred meters. But so far, he said, water seeping out of the dikes was clear. "That's a good sign," he added.

The Meuse earlier caused extensive flooding in France and Belgium.

Signs that the dikes were giving way at Ochten prompted the authorities in order the evacuation of the town and surrounding areas.

Police also evacuated about 10,000 people from the communities of East Gorin-

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Irish-British Plan for Talks Provokes a Unionist Storm

By John Darnton

LONDON — Prospects for peace negotiations in Northern Ireland hit a snag Wednesday when details of a British-Irish plan to guide the talks were disclosed to the press, provoking a storm of protest from Northern Ireland's unionist politicians.

The Protestant unionists, who want Ulster to remain part of Britain, charged that the plan gave the Irish Republic a role in running affairs north of the border.

In particular, they objected to a proposal for a joint north-south Irish authority that would have strong executive powers in certain areas and would deal directly with the 15-nation European Union.

To the unionists, this conjured up their ultimate nightmare — Ireland's reunification.

"If this document were agreed to by the British government it will be regarded as a sellout," said David Trimble, a member of Parliament from the dominant and moderate Ulster Unionist Party. "It is completely unacceptable to unionists."

He said the unionists might not only refuse to join in any negotiations, but also withdraw their support from the Conservative government in London, which would transform Prime Minister John Major's working majority in Parliament into a minority.

So the publication of key sections of the draft document in The Times of London turned into a crisis for the government and threatened to overwhelm the delicate, 13-

month search for a way out of 25 years of sectarian conflict in Northern Ireland.

The gravity was signaled by a special debate in the House of Commons, called in response to the disclosure, and by a televised address to the nation by the prime minister Wednesday evening.

"Judge our proposals as a whole. There is nothing for you to fear," Mr. Major said in the address, adding, "My aim is lasting peace. For the first time in 25 years, we have a real chance of achieving this. It should not be thrown away by fears that are unreal and accusations that are untrue."

But throughout the day, the government was trying to put out the fires ignited by the fears of unionists, who represent the province's 950,000 Protestant majority. Government officials pointed out that the leaked document was only a draft and that even if the agreement had been struck the unionists could turn it down at the negotiating table or kill it in a public referendum.

"This is not some blueprint to be imposed on the people of Northern Ireland," the secretary for Northern Ireland, Sir Patrick Maybaw, emphasized during the Commons debate. He reiterated the government's insistence that the document in no way envisioned joint authority over the north between Dublin and London.

This was not enough to assuage the unionists. The Reverend Ian Paisley, whose Democratic Unionist Party is more extreme than the Ulster Unionist Party, thundered that it was a sellout. "The secret-

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Colin Powell for President? 'The Weather Is Beautiful'

By Sam Howe Verhovek

AN ANTONIO, Texas — In 1951, Call's magazine offered General Dwight D. Eisenhower \$40,000 in answer to the question: "Are you a Republican or a Democrat?"

General Powell could probably command a lot more than that, but he answers for free.

"I will not dodge this question, I will answer it right back, straightforwardly: I am neither," General Powell told a woman who asked the question before a crowd of 4,000 people at Trinity University here.

That answer will not satisfy strategists of either party, who see in the 57-year-old retired chairman of the Joint Chiefs of Staff a dream presidential candidate.

Nor will it fully please people who have talked about setting General Powell on an independent course for the White House. He pointedly notes that his "evolving political philosophy" might someday be at home in either the Democratic or Republican Party.

But for now, as he considers models for a political career — something he says he is weighing — he talks not of General Eisenhower, who a year after declining McCall's offer was elected president as a Republican, but of Italy's new prime minister, Lamberto Dini, a nonpartisan banker.

"He was trying to form a government on his claim to fame that he belongs to no political party," General Powell said of Mr. Dini, in response to an audience question here Monday night. "He is absolutely apolitical. He is not only independent, he has no politics, and he is going to run a government of technocrats. And he's been selected to form a government on that basis."

"Interesting," General Powell contin-

ued. "Interesting! Yeah!" The audience roared.

Even the general may not know if he will ever run for president, though polls suggest that he would be a formidable candidate and that many people regard him as "one of America's genuine heroes," as the Trinity University president, Ronald Calgaard, said in his introduction.

The chief effect of the presidential speculation may be to drive up General Powell's value on the lecture circuit — he speaks about twice a month, reportedly with fees as high as \$60,000 — and raise interest in his forthcoming memoirs.

General Powell, who held top posts in the last three administrations, has mas-

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Kiosk

U.K. Animal Rights Protester Killed

Dow Jones	Trib Index
Up 3.70	Up 0.48%
3847.56	110.54
The Dollar	
New York	West close previous close
DM	1.5183 1.5243
Pound	1.5828 1.58
Yen	99.20 99.625
FF	5.285 5.283

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COVENTRY, England (AFP) — A woman protesting the export of live animals from Coventry Airport was hit and killed by a truck carrying calves Wednesday night, police said.

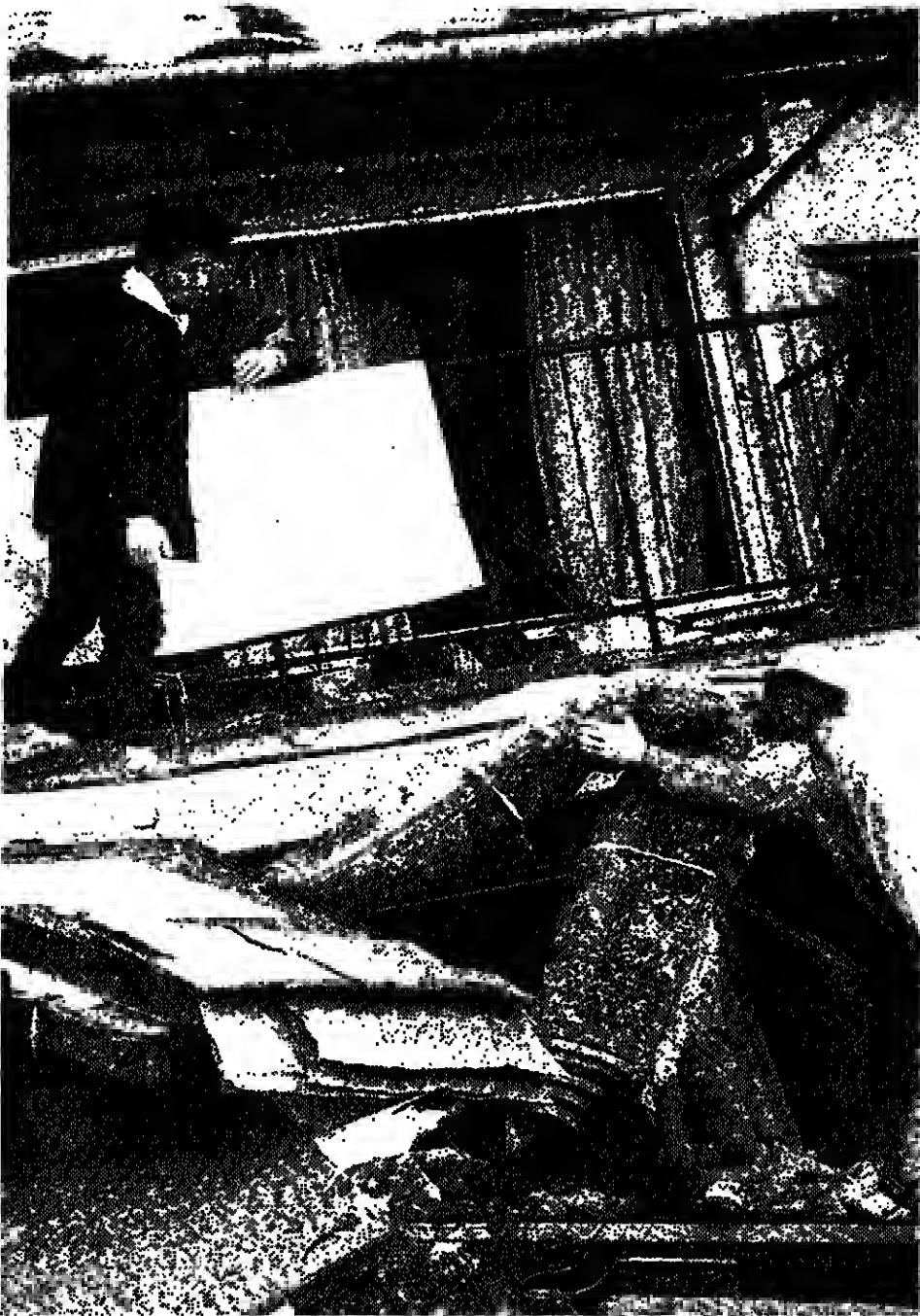
The incident occurred as a group of 34 people tried to block the truck from passing on the road to the airport, police said.

For four weeks, animal rights protesters have been demonstrating almost daily and sometimes violently against Britain's export of live animals.

They also protest the shipment of calves to countries like France, where the animals are raised in conditions that are outlawed in Britain as cruel.

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1.400 CFA	Qatar 8.00 Riels
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1.20 CFA	Turkey 8.500 Dirh
1 JD	U.A.E. 8.50 Dirh
US\$1.50	U.S. Mil. (Eur.) \$1.10

In a Quake, What You See Depends on Who You Are



Kobe residents carrying belongings from a collapsed house Wednesday.

By T.R. Reid
Washington Post Service

KOBE, Japan — Is there a right way for a reporter to cover an earthquake? The answer seems to depend on what country the reporter comes from.

On the evidence of various outposts' coverage of the Jan. 17 earthquake that killed more than 5,000 people here, it is clear that Japanese reporters and Western reporters had different ideas about the kind of news they were supposed to find. To a large extent, the dispatches each group filed conformed to its home country's cultural expectations.

Western reporters tended to accentuate the negative, focusing on the worst scenes of destruction and the most crushing moments of personal loss. American journalists in particular seemed to be on the prowl for confrontation, prodding cold, hungry victims with questions like "Do you think the government has done enough to help?"

The Japanese news media seemed more inclined to keep a distance, to view the disaster through a broad lens that included buildings still standing as well as those smashed to the ground. And Japanese reports focused far more on harmony than discord among the hundreds of homeless victims — that being, after all, what the Japanese viewer would expect to see.

Even the most basic question in the TV reporter's repertoire — "How do you feel?" — can be considered pushy in Japan. One morning a reporter from a TV magazine show asked a homeless person at a shelter, "Don't you feel cold?" The network received a flood of calls complaining that the reporter had intruded on the person's privacy.

The differences were not all black and white, of course. There were certainly many Japanese stories about pain and bitterness among the victims, and many Western reports dealt with the striking calm and the strong sense of order in Kobe after the quake.

Taken as a whole, though, the Eastern and Western reporting created distinctly different impressions among consumers of the news. This is reflected in the reactions of two people who came to Kobe a few days after the quake.

Shigehiko Togo, of The Washington Post's Tokyo bureau, had been watching Japanese TV reports from Kobe almost around the clock. But when he arrived here, he said, "I was just stunned at the extent of the damage."

A few days later an American journalist arrived, having watched earthquake news on the major American networks.

"I was amazed how much of Kobe was still there," she said. "I mean, I had watched hours and hours of TV in America about this earth-

quake, and I had no idea that there were houses and tall buildings still standing all over the city."

Here in Kobe, several Western TV journalists broadcast their reports near a section of collapsed highway.

It made for a great picture — as long as the camera remained still. If the camera had panned slightly left or right, viewers would have seen a row of old wooden houses standing intact barely 10 meters away.

As a detailed study in the Japanese magazine Sunday Mainichi showed, it was the Western press that first began to pursue a aspect that became a major subtext of quake coverage: that Japan's government made a major blunder by failing to provide rescue and relief supplies as quickly as possible.

"The Japanese press just did not see that story, or did not report it, at first," said a media critic, Yoichi Matsuzoe. "They weren't looking for a confrontational story. They were covering an earthquake, not criticizing the government."

But after the foreign press kept hitting on this issue, the Japanese media picked it up and started hitting the government hard themselves.

The Japanese have a strong tradition of enduring something difficult without complaint; they have a word for it, *gaman*. Because *gaman* is a cherished virtue, and because the Japanese do not open up easily to strangers, not many victims complained openly to reporters, domestic or foreign, about conditions after the quake.

But when Western reporters heard complaints, they tended to feature the critical remarks at the top of their reports, mentioning only in passing that most residents of Kobe were apparently voicing no complaints.

Among the most interesting reports on the earthquake were those in the South Korean news media. In this century Korea was subjected to four decades of brutal colonization by Japan, and the news media there still eagerly grab any reason for Japan-bashing.

Se Hyon Cho, a columnist for the Korea Herald newspaper wrote that the calm, orderly behavior of the residents of Kobe proved that Japanese are "automatons."

But over time, the Korean reports turned more positive, partly because quake victims of Korean ancestry were receiving the same treatment that Japanese victims did. Even Mr. Cho wrote that he eventually came to admire the Japanese people's "amazing power of self-discipline, perseverance and solidarity."

WORLD BRIEFS

Serbs Make Small Gesture on Access

SARAJEVO, Bosnia-Herzegovina (AP) — Serbs eased their grip Wednesday on a major road into Sarajevo, opening it to international charities. But the route remained closed to everyone else in the Bosnian capital, which has been cut off from the outside world since July.

UN officials, who have been trying to get the road open under terms of a Dec. 31 truce agreement, sought to portray signs of progress as two trucks carrying construction materials crossed into the government-held suburb of Dobrinja. "The fact that it is open to anyone is a success," said Enrique Aguilar, the chief UN civilian affairs officer. "We'll see more humanitarian aid entering the city."

But with other access roads available for UN aid trucks and the airlift into Sarajevo working without major hitches in recent weeks, the limited opening of the road through Sarajevo airport into the city appeared to be a modest concession by the Serbs.

2 Sentenced for Neo-Nazi 'Hit List'

FRANKFURT (Reuters) — Two Germans who published a neo-Nazi "hit list" of anti-racist activists have been convicted of intimidation and public incitement to commit a crime. Norman Kempken, 26, was sentenced to two years in prison and Stephan Cunic, 23, to a one-year suspended term.

The list raised fears in Germany of a surge in neo-Nazi activity after it was published in late 1993 in an extremist magazine, Der Emblem, which was distributed from an anonymous post-office box in Denmark.

The magazine, which promised "troubled nights" to people it called "anti-nationalist," published the names of about 280 persons it considered enemies of the far-right cause, including trade unionists, politicians, judges, teachers, social workers and writers.

EU-Baltic States Accord Is Expected

BRUSSELS (AP) — The European Union said Wednesday that talks for broad economic and political accords with Latvia, Lithuania and Estonia may be concluded as early as April 1.

Hard work is under way to conclude so-called Europe Agreements with the Baltic states, said Nico Wegter, an EU Commission spokesman. "Maybe within two months this could be concluded," he added.

The agreements are the basis of a plan to let East European nations into the Union at an unspecified date. On Wednesday, accords between the EU and Bulgaria, Romania and the Czech and Slovak republics took effect, bringing those nations a step closer to European Union membership.

U.S. Returns Cubans to Guantánamo

PANAMA CITY (AP) — The first group of 100 Cuban refugees left Panama on Wednesday for the U.S. Naval Base at Guantánamo Bay, Cuba.

About 50 U.S. soldiers carrying wooden batons accompanied the group aboard a 727 charter flight, which is taking the refugees to camps on the eastern end of Cuba. By the time the first group was in the air, soldiers were already preparing another plane for the second flight.

"Everything is going pretty smoothly," said Colonel David Holland, a U.S. Army spokesman.

Vietnam Opens Liaison Office in U.S.

WASHINGTON (Reuters) — Vietnam raised its flag in Washington on Wednesday for the first time since the Vietnam War ended 20 years ago, as the two old foes opened liaison offices in each other's capitals.

With about a dozen U.S. Secret Service agents providing security, Le Van Bang, Hanoi's envoy to the United Nations, presided over a low-key ceremony in the office. Mr. Bang will head the mission here. The United States opened its office in Hanoi on Saturday.

One of the Vietnam mission's key functions, apart from working to resolve the cases of hundreds of U.S. servicemen still missing in Indochina since the war, will be to speed up the issuing of visas to U.S. businessmen and investors. No U.S. officials attended the ceremony.

Taiwan Says Airliner Flew Too Low

TAIPEI (Reuters) — A Taiwanese airliner was flying too low when it hit a mountain on a wet night this week, killing all four people aboard, aviation officials said Wednesday.

They said the Foshing Airlines twin turboprop ATR-72 was flying at about 1,000 feet (about 300 meters) through the rain Monday night when it crashed less than 15 minutes before it was to have landed in Taipei. It should have been flying at 2,100 to 2,500 feet, said Chang Kuo-cheng, an aviation official. Foshing is also called TransAsia Airways.

TRAVEL UPDATE

Alitalia Seeks Talks on Pilots' Strikes

ROME (Reuters) — Alitalia called on Wednesday for talks with pilots to end a string of strikes over pay and the use of leased Australian aircraft.

In the latest disruption, about 150 pilots surrounded two of the leased Boeing 767s in their parking bays at Rome's main airport, Fiumicino. The aircraft left for Chicago and Boston three hours behind schedule.

Cabin crew also picketed check-in desks at Fiumicino during a four-hour strike, and the pilots added to the pressure by calling a 24-hour strike next Monday.

A strike by firefighters on Thursday will delay and possibly cancel flights at Paris's two airports, Orly and Roissy-Charles-de-Gaulle, airport officials said. Airports of Paris said that to comply with safety rules during the 24-hour strike, only one of the two runways at each of the airports would be in service. (AP)

The telephone network at Frankfurt International Airport was damaged by unknown assailants on Wednesday, hampering operations at the busiest air hub in Europe, officials said. Seven cable harnesses were severed overnight, German Telecom said, shutting off most of the airport's telephone system and the electronic reservations systems of several airlines. (AP)

Flooding in Europe Spares Rail Traffic

Flooding and the threat of flooding has disrupted peoples' lives and road traffic over a wide zone of northwestern Europe, but has had a minimal effect on the circulation of trains.

Spokesmen for the French, German, Belgian and Dutch railroads said that most services had continued to run normally. International services have been virtually unaffected. The worst problem was along the Rhine River in Germany where the rail line along the left bank was flooded in places and traffic had to be suspended. But trains were switched to a track on the other side of the river usually used for freight traffic, causing delays of up to 30 minutes. Some traffic from Switzerland was delayed because of bad weather and heavy snow further south.

Commuter travel in Cologne, which was flooded in places with up to two meters of water, was disrupted more seriously, however.

A landslide blocked one track on the line between Namur in Belgium and the Luxembourg border, and engineers switched trains to another track that was not affected, spokesman for the Belgian railroad system, one of the densest in the world, said this caused delays of up to five minutes. Dutch railroads stopped service to a few rural stations because of the flooding and large-scale evacuations, but spokesman said that most of the system had operated normally on time.

French railroads suspended some services in Britain because of flooding, but services in the east of France were operating normally or with only slight delays because the overflow of the Meuse River, a spokesman said.

Hiroshima Bomb: Just a Warning to Moscow?

By John Kifner
New York Times Service

NEW YORK — Fifty years after a B-29 Superfortress called the Enola Gay was used to drop an atomic bomb on Hiroshima, the decision that ushered in the age of nuclear weapons is still the subject of fierce historical debate.

The issues, stirring enormous passions, range from highly speculative estimates of just how many Americans might have died in an invasion of Japan, and who were thus presumably spared because of the bombing, to whether the nuclear attack in August 1945 was necessary to end the war with Japan.

Some historians now contend that the bombing was aimed not so much at the wartime enemy Japan as at the wartime ally Soviet Union, as a warning against postwar rivalry.

In the latest clash, the Smithsonian Institution, attacked by veterans' groups and members of Congress for an exhibit that they said was overly solicitous of Japan, has decided to drastically scale back the display. The narrative, already revised five times, will be dropped; visitors will see only part of the Enola Gay's fuselage.

Questions, sometimes raised by a new generation horrified by the death and destruction that rained down on Hiroshima, and, three days later, on Nagasaki, resonate harshly among veterans, particularly those who survived the bloody campaign in the Pacific.

Among historians digging through musty diaries, old military records, and memorandums of President Harry S. Truman's administration, opinions about the bombing of Hiroshima are held on less firmly.

"I think it can be proven that the bomb was not only unnecessary, but known in advance not to be necessary," said Gar Alperovitz, one of the most prominent of the historians critical of the decision to drop the bomb.

By contrast, Robert Cowley, the editor of the Military History Quarterly, whose spring issue is devoted to "The End of the War With Japan," said: "If you were in Truman's shoes and had this weapon and had the chance to end the war then and there, there's no question you would use the bomb."

Bartoo J. Bernstein, a Stanford University historian who has been associated with the Smithsonian uproar, said in a telephone interview that the bombing should be examined in the context of its time. Mr. Bernstein said he was wary both of revisionist historians trying to prove a case and of veterans groups protecting their heritage.

Many of the questions being raised over Mr. Bernstein's current issue of Foreign Affairs, "often fail to recognize that, before Hiroshima and Nagasaki, the use of the A-bomb did not raise profound moral issues for policymakers."

He explained: "By early 1945, World War II — especially in the Pacific — had become virtually total war. The fire-

bombing of Dresden had helped set a precedent for the U.S. Air Force, supported by the American people, to intentionally kill mass numbers of Japanese citizens. The earlier moral insistence on noncombatant immunity crumbled during the savage war."

Mr. Bernstein helped ignite the latest protest when he persuaded Smithsonian officials

'The use of the A-bomb did not raise profound moral issues for policymakers.'

Bartoo J. Bernstein, a historian

that the estimates of casualties that might have been incurred during an invasion of Japan should be put at around 63,000, down from the 229,000 that had been widely accepted among historians.

The question of projected casualties, Mr. Bernstein said in

an interview, "is so important to the vets" because any lessening of these numbers could be interpreted as raising questions about the bombing and, in a sense, diminishing their role.

Casualty estimates have ranged as high as the half million cited in Mr. Truman's memoirs and the 1 million referred to by Winston S. Churchill years after the war. These figures were often taken by the public to mean that these many lives had been saved. But Mr. Bernstein and other military historians caution that casualties refer to both dead and wounded, with the wounded usually outnumbering the dead by 3, 4 or 5 to 1.

"Considering the horrific fighting on Iwo Jima and Okinawa, the prospect of invading Japan itself seemed nightmarish," Peter Maslowski, a professor at the University of Nebraska at Lincoln, writes in the forthcoming Military History Quarterly.

"Looking back on the events of 1945 from a secure, peaceful, comfortable perch decades later, it is easy to criticize Presi-

dent Truman's decision to drop the atomic bombs," Mr. Maslowski writes.

He adds: "But considering the possible drawbacks associated with the other options, his choice was entirely logical and reasonable."

Mr. Alperovitz disagrees. He contends that the decision of the Soviet Union to join the war against Japan at the Potsdam Conference in July 1945 was expected by Mr. Truman to spell the end of the war, and that the Americans were already aware of peace overtures from the emperor.

Instead, he contends, American policy shifted, largely under the influence of the president's old congressional mentor James Byrnes, the secretary of state, who wanted to block Russia from moving into northern China and to deliver a warning for the future with the bomb.

"It was once controversial among specialists to say the bomb was connected with diplomacy toward Russia," Mr. Alperovitz said. "That's no longer controversial. What's being debated is the emphasis."

In Japan, Dismay at the Downsizing of Exhibit

By Paul Blustein
Washington Post Service

TOKYO — Japanese officials and atomic-bomb-survivor groups have reacted with dismay to news that the Smithsonian Institution will drastically scale back its exhibit concerning the U.S. nuclear attacks on Hiroshima and Nagasaki during World War II.

"The government cannot intervene, but this is regrettable," Prime Minister Tomichi Murayama was quoted as saying by the Kyodo news agency.

Mr. Murayama was reacting to the Smithsonian's announcement that its exhibit this spring at the National Air and Space Museum commemorating the bombings will exclude material showing the devastation of the two cities, such as victims' clothing and possessions, and

text that would have raised questions about the morality of the decision to drop the bomb.

The Japanese government's chief spokesman, Kozo Igarashi, said Tokyo could not comment on such matters but added: "Japanese people hope people around the world will learn the miserable facts about the atomic bombings."

The mayor of Hiroshima, Takashi Hirooka, criticized the revamping of the exhibit as depicting the bombing solely "from the logic of the victorious nation." Officials of Hiroshima and Nagasaki said they were strongly considering sponsoring their own exhibits in the United States or Canada.

The controversy is the latest illustration of strained U.S.-Japanese relations as the 50th anniversary of the war's end

in mid-August approaches. Recently, the emotionally charged issue of the bombings arose when the U.S. Postal Service announced plans for a commemorative stamp showing a mushroom cloud. Outcry in Japan prompted its cancellation.

Many Japanese reject the common American view of the bombings, namely that they were necessary to hasten the end of the war and thereby save the lives of U.S. soldiers and Japanese who would have died by the tens of thousands if American forces had had to invade the Japanese mainland.

Japanese tend to regard the attacks as having inflicted such misery as to be unjustifiable, and many accept the views of some historians that President Harry S. Truman acted partly out of a desire to demonstrate his own weapon to Moscow.

George Abbott, Known as Mr. Broadway, Dies at 107

By Marilyn Berger
New York Times Service

NEW YORK — George F. Abbott, 107, who opened on Broadway in 1913 and didn't close for more than 70 years, died of a stroke Tuesday at his Miami Beach home.

Probably no one in this century brought more verve and excitement to the American stage than the versatile man who was known to the theater world as Mr. Abbott and to the rest of the world as Mr. Broadway.

As a playwright, director, actor, producer and play doctor who could make a faulty script work, George Abbott's credits are a virtual history of Broadway this century: "Broadway," "Jumbo," "Pal Joey," "High Button Shoes," "Where's Charley?" "Call Me Madam," "Wonderful Town," "Pajama Game," "On Your Toes," "Damn Yankees," "Fiorello!" and "A Funny Thing Happ-

ened on the Way to the Forum."

He directed these shows, and he was involved, in one capacity or another, in 113 productions on Broadway and on the road. In some years, he had three hits running at once.

"On the basis of sheer frightening volume alone," Gilbert Millstein of The New York Times wrote, "an easily defensible argument can be drummed up that no living individual, or possibly even dead, has contributed more to the Broadway theater to the capacities of actor, director, producer, co-producer, author, co-author and play doctor than George Abbott."

This accolade was written in 1954, when Mr. Abbott still had more than 30 years of work ahead of him.

He preferred working with unknown actors and confessed to what he called a "Pygmalion complex." In his desire to mold young careers he gave the first big break to Shirley MacLaine, Shirley Booth, Butterfly McQueen, Jack Gilford, José Ferrer, Jean Stapleton, Carol Burnett and Tom Bosley.

He also took a chance on many other virtual unknowns: Jerome Robbins, Bob Fosse, Harold Prince, Garson Kanin, Betty Comden, Adolph Greco and a music man then a stranger to Broadway by the name of Leonard Bernstein.

Along the way he won virtually every theatrical award as well as many other honors: He shared a Pulitzer Prize for "Fiorello!" (which also won a Drama Critics Circle Award and two Tony Awards) and received Tonys for "Pajama Game" in 1955, "Damn Yankees" in 1956 and "A Funny Thing Happened on the Way to the Forum" in 1963 as well as a special Tony for a career of distinguished achievement in theater.

Halfway into his 99th year, Mr. Abbott telephoned his secretary to tell her that he was sending two plays he had written between rounds of golf. In 1989, when he was 102, he co-directed one of them, "Frankie," off-off-Broadway.



George Abbott at a 1994 revival of "Damn Yankees."

THE AMERICAS / 'THERE ARE CEILINGS'

Republicans Retreat on Defense Bill

By Dana Priest

Washington Post Service

WASHINGTON — Congressional Republicans, yielding to pressure to reduce the budget deficit, have backed away from key promises in the House National Security Committee, some of the staunchest defense advocates had conceded that the larger mission of slashing federal spending had prevailed.

"The primary objective is not to spend more money," said H. James Saxton, Republican of New Jersey. "We're realistic

enough to know that in this budget year there are ceilings." Democrats contended that the changes had turned much of the bill into a "chest-beating" exercise, as Representative Patricia Schroeder, Democrat of Colorado, described it in an interview.

The changes follow an unusual dressing down of the committee last week by Defense Secretary William J. Perry, who said the bill misled the public about military readiness and "usurps the responsibilities" of the defense secretary.

If members found him "incapable or unwilling to meet those responsibilities," he said, "you should ask me to step down."

The original bill called on the Defense Department to deploy "at the earliest possible date"

an anti-missile defense system that Pentagon officials and others testified would cost billions, if not tens of billions, of dollars and was unnecessary in the post-Cold War era. The new bill instructs the Pentagon to deploy such a system "at the earliest practical date."

The old bill set up a Republican-dominated commission to reassess military needs and "reverse the continuing downward spiral of defense spending."

The new one would set up a bipartisan commission to assess needs and "to address the problems posed by the continuing downward spiral of defense spending."

The tone of the new bill had also softened by Tuesday's meeting. The old one said a return of the "hollow forces" of

the 1970s had already begun under the Clinton administration. The new one said Congress was committed to "take all necessary steps to avoid a return to the 'hollow forces' of the 1970s."

Left unchanged was the significant foreign-policy portion of the bill, which is the jurisdiction of another committee, the House International Relations Committee. That committee approved a measure that would sharply curtail U.S. participation in United Nations peacekeeping missions and prohibit U.S. troops from serving under foreign command.

The only major amendment Democrats were able to put through eliminated a 1999 deadline for offering membership in the North Atlantic Treaty Organization to Poland and some other East European nations.

National defense is not the only contract issue to run into obstacles as Republicans press to meet their 100-day deadline to complete action on their 10-point agenda:

• A dispute between two Republican senators has slowed action in the Senate on legislation to give the president expanded powers to cut spending.

• The balanced-budget amendment is drawing strong resistance in the Senate from Democrats who insist that the measure be altered to protect Social Security retirement benefits.

But the House neared passage of legislation to relieve states of the costs of regulations imposed on them by the federal government, and a House committee continued to rewrite the \$30 billion anti-crime law enacted last year.



Ecuadorian students watching one of their teachers burn a Peruvian flag Wednesday to show support of the government.

Peru and Ecuador Reported 'Close' to Truce

Compiled by Our Staff From Dispatches

RIO DE JANEIRO — Ecuador and Peru have begun talking about a cease-fire to end border clashes but have made little progress, according to diplomats negotiating between the two nations.

"There has been progress but not as much as originally hoped," Sebastião do Rego Barros, the Brazilian deputy minister of foreign relations, said after two sessions of negotiations. Although the talks have moved forward, he said, Peru and Ecuador have not agreed on how to carry out a cease-fire. The two nations are fighting in the Amazon jungle along their common border.

Mr. Rego Barros represents Brazil as one of the four guarantor countries of a 53-year-old treaty aimed at ending a historical territorial dispute between the two coun-

tries. Argentina, Chile and the United States are the other guarantors.

"We're so darned close to getting a cease-fire, it would be a shame to leave without having achieved it," said Alexander F. Watson, the U.S. assistant secretary of state for inter-American affairs and head of the American delegation.

Since the latest clashes erupted last Thursday, Ecuador says 31 men have been killed, 21 of them Peruvians. Peru has confirmed Peruvians killed and two wounded.

The conflict is centered on a 340-square-kilometer (130-square-mile) area along the Cordillera del Condor. The borders have yet to be marked, as called for in the 1942 Rio de Janeiro Protocol that put an end to the nations' conflicting historical claims to a vast region of the Amazon jungle.

Ecuador rejected the treaty in 1960, and border conflicts have frequently erupted before the Jan. 29 anniversary of the protocol.

During the talks, which began Tuesday and lasted until dawn Wednesday, representatives of the four countries met separately with the Peruvian and Ecuadorian deputy foreign ministers, Eduardo Ponce and Manuel Fernandez de Córdoba.

Antonio Simoes, the spokesman for the Brazilian Foreign Ministry at the meeting, said the agenda Wednesday called for the guarantor countries to take a peace proposal separately to the Ecuadorian and Peruvian delegates. If they approve it, everyone will meet together.

Ecuador announced a cease-fire on Tuesday, but Peru has refused to do the same, drawing a rebuke on Wednesday from the Rio diplomats.

(Reuters, AP)

POLITICAL NOTES

Seawolf Submarine Is Facing Some Big Guns in the Senate

WASHINGTON — Congressional critics of the third and final Seawolf submarine, being designed by General Dynamics Corp., are resuming efforts to kill it. They stand a better chance now that the Republicans have taken over Congress.

The military wants the third \$2.4 billion Seawolf not because it is needed for military reasons, but because canceling it would cause more layoffs at General Dynamics' Electric Boat shipyards in Groton, Conn.

Conservative Republicans tend to oppose such intervention in the marketplace. Senator John S. McCain 3d of Arizona leads the anti-Seawolf faction on the Senate Armed Services Committee. A hard-charger in cutting Pentagon projects he thinks are wasteful, Mr. McCain is a former navy pilot who flew jets off aircraft carriers. Carriers and submarines compete for funds.

Senator John W. Warner of Virginia, another member of the committee, promotes the interests of one of his state's biggest employers, Newport News Shipbuilding. For years it competed with Electric Boat to build submarines, but the Pentagon designated Electric Boat as the nation's single submarine manufacturer, meaning Newport News had to survive solely by making carriers.

(WP)

Governors Want More Power To Design Welfare Programs

WASHINGTON — The National Governors' Association says that the states ought to have far more power to design their own welfare programs, but the governors could

not agree on how much power the federal government should retain. In any event, they said, "children must be protected."

At the end of a four-day meeting here, the governors hailed federal efforts to give them more control over millions of dollars worth of welfare programs. But Republican governors could not obtain the three-fourths majority needed to put the organization on record in support of their proposal to give states a lump sum of money, or block grant, to take care of poor people.

Under the main federal-state welfare program, Aid to Families with Dependent Children, anyone who meets the eligibility criteria set by federal and state laws is entitled to monthly cash payments, regardless of the number of people who apply or the total cost. In hard times, when more people are unemployed, the amount of federal aid automatically increases.

The governors' association adopted a policy statement saying: "Governors have not yet reached consensus on whether cash and other entitlement assistance should remain available as federal entitlements to needy families or whether it should be converted to a state entitlement block grant. Governors do agree, however, that in either case states should have the flexibility to enact welfare reforms without having to request federal waivers."

The association's statement says that "children must be protected throughout this process" if Congress decides to convert the existing welfare program to a block grant.

(NYT)

Quote/Unquote

Senator Phil Gramm, Republican of Texas, on President Bill Clinton's package of aid measures for Mexico: "Ultimately, it's going to come down to what Mexico does, not what we do."

(AP)

'I've Had Dreams of Killing Her'

Friend Says Simpson Made Comment Day After Slaying

The Associated Press

LOS ANGELES — The day after his former wife was slashed to death, O.J. Simpson told a friend he had had dreams of killing her, the friend testified Wednesday.

"He jokingly said, 'To be honest, I've had some dreams of killing her,'" a former police officer, Ronald Shipp said during Mr. Simpson's murder trial.

When asked about the number of dreams by Christopher Darden, a deputy district attor-

ney, Mr. Shipp answered: "He just said dreams, plural."

Mr. Shipp, who retired from the police department five years ago, said he did not tell investigators about the conversation.

"I was in a state of shock up until that time," he said. "I wanted nothing to do with it. I was thinking it was a dream, like most of America."

Mr. Shipp added, "I thought it was very, it was harmful."

He also said Mr. Simpson told him that he had to defend himself from his wife's attacks during their New Year's 1989 argument, and that it began while they were having sex.

Mr. Shipp testified that Mr. Simpson told him that he and Mrs. Simpson had been drinking on New Year's Eve and that they got into an argument when they returned home.

"They were making love and I guess Nicole had wanted to stop for whatever reasons and they began to argue," Mr. Shipp said. Mr. Simpson told him that she "was the aggressor and came after him and that he was acting in self-defense."

Mr. Shipp said Mr. Simpson told him he "didn't really hit her."

Later, Mr. Shipp testified about Mr. Simpson's conversation about the dream. It was not immediately clear why he was allowed to be questioned about it with the jury present.

Judge Lance A. Ito of Superior Court ruled before Mr. Shipp took the stand that he could tell the jury about the Simpsons' relationship, but not about the dream.

Before that ruling, Hank

Goldberg, a deputy district attorney, said testimony about the conversation of last June 13 would help prove that Mr. Simpson had fatally stabbed Nicole Brown Simpson in a jealous rage.

A defense attorney, Carl Douglas, objected, claiming "the conversation did not occur."

Mr. Goldberg told the judge the statement was "powerful evidence" of Mr. Simpson's "fatal obsession" with his former wife.

Mr. Shipp was identified by Mr. Douglas as the mysterious "Leo" in the opening pages of "Raging Heart," a new book about the case.

Mr. Shipp said he and Mr. Simpson had been close friends for more than 25 years. When asked by Mr. Darden if they were still friends, he said: "I still love the guy, but I don't know, I mean, this is a weird situation I'm sitting in."

Two or three days after Nicole Simpson was beaten on New Year's 1989, she still had injuries but they had started to fade, Mr. Shipp said.

Mr. Shipp said Mr. Simpson told him he was worried about losing his job as a Hertz rental car pitchman because of publicity about the beating.

"He asked me to see if I could have her sign off the report," Mr. Shipp said, "not press charges." Mr. Shipp said he did discuss it with his supervisor, even though "I was caught between a rock and a hard place," he said. "I wanted to try and help O.J. out, but at the same time I didn't want to do it."

Away

From Politics

• After an impassioned statement by the mother of a Rockland County, New York, "carjacking" victim, a judge sentenced a former college student to 70 years to life in prison for the car theft and for the slaying of Michael Falcone in January 1994.

(NYT)

• The FBI has agreed to pay a former agent, Suzanne J. Doucette, nearly \$300,000 to settle her lawsuit charging that her career was ruined after she accused a supervisor of sexual harassment, her attorney and the agency said.

(WP)

• A large majority of Americans favor government bans on cigarette vending machines and on coupon promotions, to help prevent children from smoking, according to a poll conducted for a health issues foundation.

(NYT)

• A gay and lesbian student group says the University of Notre Dame expelled it from campus unfairly after nine years. Officials at the Roman Catholic school in Indiana have repeatedly refused to recognize the group and said they had not realized it was meeting in the campus counseling center.

(AP)

• A man shot and killed a graffiti vandal who threatened him with a screwdriver after he tried to take down a license plate number, Los Angeles police said.

(AP)

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EUROPEAN TOPICS

Paris-Area Gypsies Can't Find A Place They Can Call Home

Gypsies and locals have long had a complex and uneasy relationship in many French towns. That's one reason for a 1990 law that says that unless towns set aside a properly equipped campground for such travelers, an extended legal process is required to evict them.

Thus, at Evry, just outside of Paris, residents have been angrily demanding that the mayor do something about the Gypsies who parked 50 campers and mobile homes in a train station parking lot a month ago.

Since Evry does not provide an equipped campground for the travelers, said Mayor Jacques Guyard, his hands are tied. To remedy the situation, he has sought official approval for several proper sites, but with no luck. The Defense Ministry told him a site near a gendarmerie would pose a danger to the security of France. A site near a sewage treatment plant was turned down by the prefect on grounds of hygiene. A frustrated Mr. Guyard then suggested a spot near the prefect's home. So far, he has had no answer.

Some campgrounds in nearby towns are in deplorable condition, reports the daily Liberation. One, in Vigneux, is in the middle of a network of train tracks in an industrial zone.

But near Brétigny, east of Paris, six cities have joined to provide an answer. They are building small family campgrounds, each big enough for three to six campers, each with sanitary facilities, and each with a permanent building for cooking—since some Gypsies don't like cooking in the same space where they sleep.

These sites are not far from Linas, where in World War II Gypsies were interned before being sent off to Nazi concentration camps.

Around Europe

Television ads for slimming products have been banned from British TV programs aimed at young people, out of growing concern about anorexia and other eating disorders. The Independent Television Commission said the ban was prompted by a government drive to promote a healthier diet.

Prime Minister Ingvar Carlsson will move into Sweden's first official prime ministerial residence in April, although he and his wife say they would rather stay in their three-room suburban home.

"For security and other reasons, we have chosen to move into the Sagerka Palace," said Mr. Carlsson, who will be

the first prime minister to inhabit the residence. The large security presence around his suburban home posed an unfair burden on his neighbors, he said.

The French-inspired palace is at Stroemgatan 18 in central Stockholm, near the government offices.

London will offer free parking in the city's center to drivers of electric cars. The plan, approved by Westminster City Council, is said to be the first of its kind in Europe. For now, there are only about 10,000 such vehicles in use by individuals in the London area.

Finnish women have won the right to enlist for military service. Under the bill, just adopted by Parliament, women aged 17 to 29 may do the equivalent of men's compulsory service and then join the regular service and study in military college and other military schools.

An association representing Dutch prostitutes has mounted a publicity campaign aimed at improving their image. Posters and newspaper ads carry captions like "Good Social Contacts Are Necessary"; and a line at the bottom reads, "Prostitution: A Job Like Any Other." "It's true," says Margot Alvarez, head of the association, "that our job is a little out of the ordinary." But, she adds, "you can say the same of gynecologists and grave diggers."

Brian Knowlton



LIFELIKE — Ute Kase-Lepp, an artist, kneeling Wednesday between the world's biggest porcelain chess figurines, made for a toy fair in Nuremberg.

German Broadcaster Comes Under Attack

Compiled by Our Staff From Dispatches
BONN — Germany's leading public broadcasting service, ARD, is under attack from Chancellor Helmut Kohl and his Christian Union parties, who regard it as overmanned, too costly and politically suspect.

Premier Edmund Stoiber of Bavaria, a member of the ultra-conservative Christian Social Union, fired the first shot in October, when he called for a radical reform of the network, founded in 1954.

With its national television service, eight regional TV services, 31 radio stations, 23,000 employees and a budget of 9 billion Deutsche marks (\$6 billion), ARD had, he argued, become a monster whose appetites must be trimmed.

Mr. Stoiber called for abolition of ARD's national television service and a rationalization of its regional services.

Given the popularity of the private TV stations RTL and Sat-1, he saw room for only one national public broadcasting

network. The other German public network is ZDF.

The debate sharpened with the publication of a 16-point restructuring plan for ARD devised by Mr. Stoiber and his Christian Democratic Union counterpart in Saxony, Kurt Biedenkopf.

These two barons of Mr. Kohl's Christian Union alliance accuse the network of political bias and domination by West German Radio, known as WDR, the Cologne broadcaster and its principal regional component. WDR is considered sympathetic to the opposition Social Democrats.

Mr. Stoiber said he and Mr. Biedenkopf would break the contract ARD has with regional governments if there was no reform undertaken before the end of 1996, when the network's budget is reviewed.

ARD, Germany's first television channel, is a federation of 11 regional public broadcasters and divides programming among them.

(AFP, Reuters)

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International Herald Tribune ads work

Fearing imminent Mexican bankruptcy and U.S. congressional inaction, President Bill Clinton made the right call on Tuesday to rescue the Mexican economy himself. He ditched a \$40 billion plan, which Congress was not going to approve any time soon, in favor of a stripped down program to provide Mexico \$20 billion in loans and loan guarantees that require no congressional action. The administration also announced that the International Emergency Fund would lend Mexico up to \$17.8 billion to pay back creditors, and that \$10 billion would come from central banks to help stabilize the peso.

The president's action was justified by a looming financial emergency: Mexico could have defaulted within days, cutting it off from foreign investment and plunging its economy into recession. Millions of Mexicans and tens of thousands of U.S. workers in export industries would have been hurt. And financial turbulence could have spread through Latin America.

Mexico's crisis was driven by foreign investors who wanted their money back rather than risk their investments to further depreciation of the peso, let alone default. Mr. Clinton's original idea was to provide Mexico with \$40 billion in loan guarantees — more than enough to reassure investors that their loans were safe. The centerpiece of the plan was a pledge by Mexico to put future oil revenues in escrow so that the United States would never need to use its own money to pay back Mexican creditors. U.S. taxpayers would come out ahead, since Mexico would pay fees for the use of the guarantees. Mexico would also agree to stringent restrictions on its monetary and fiscal policy that would assure investors of the economy's long-term health.

The new plan is built along the same smart lines — although investors might be

monetary policy be tight enough to reassure skittish investors? Is Washington politically prepared to keep Mexico's oil revenues in the unlikely event that it defaults?

Mr. Clinton's first plan hit opposition in Congress because it was unfairly depicted by opponents as a bailout for Wall Street financiers. Mr. Clinton failed to make a persuasive case that many of the creditors who would benefit from stabilization of the peso would be American workers with pension funds and mutual funds invested in Mexico. That is still the case.

Decisive presidential action always risks subordinating the appropriate congressional role in the commitment of federal resources, and this case should not be a model for Mr. Clinton. But there was no time for delay, and he did not move until he got the approval of both Republican and Democratic congressional leaders.

The administration can be faulted for lying back when Mexico was running through its reserves last year. It can be faulted for ineptly presenting a smart first rescue plan to the American public. But it deserves credit for coming to Mexico's rescue when there was no time left to navigate a bill through Congress.

— THE NEW YORK TIMES.

Jack Kemp's decision not to seek the Republican presidential nomination means that an important set of concerns could be missing from his party's debate. Mr. Kemp has been an unusual figure in American public life. He has combined an enthusiasm for free markets with an empathy for the underclass, with a commitment to inclusion, tolerance and racial justice.

He argued that his two sets of concerns went together naturally. He would say that a central purpose of Republicanism — "Lincoln Republicanism" — should be to find ways of extending the opportunities of the marketplace to parts of society, especially in the inner cities, where capitalism's promises were not much present.

This has been more than a theoretical exercise. He alienated many Republicans in his home state of California last year by opposing Proposition 187, an overly broad assault on illegal immigrants, arguing that it would endanger the rights of legal immigrants and citizens of Hispanic descent. Whether it suited his political purposes or not, he would preach on his theme of

Kemp's friends that his heart was not in another fight for the White House. (He ran for the Republican nomination in 1988 and lost to George Bush.) As Republicans focus on reducing the deficit and cutting government programs, he also seemed out of place; his passion for tax cuts was never matched by a comparable passion for reducing the size of government. Some Republicans were quite frank in arguing that his passion for the inner city makes him look like — gasp! — a liberal. But Mr. Kemp has been teaching a rather different lesson: that the best kind of politics is inclusive, optimistic, civil and tolerant. He has been right to hold up that banner.

— THE WASHINGTON POST.

In announcing a sharply scaled-back version, essentially a cancellation, of its planned anniversary exhibit about the Enola Gay, the Smithsonian Institution has ended up in about the only place it could have. Secretary I. Michael Heyman says the National Air and Space Museum will forget all the interpretive material about the war's end, the bomb's effect, the decision to drop it and the dawn of the nuclear age; instead it will put on a display the Enola Gay's fuselage, a label explaining what it is, and some footage about the mission and the crew. While this is an intellectual abdication, a visitor shown the plane that dropped the atomic bomb on Hiroshima and ended World War II is unlikely to go away without some reflections on war and history.

It is important to be clear about what happened at the Smithsonian. It is not, as some have said, that both-nighted advocates of a special-interest or right-wing point of view brought political power to bear to crush and distort the historical truth. Quite the contrary. Narrow-minded representatives of a special-interest and revisionist point of view attempted to use their inside track to appropriate and hollow out a historical event that large numbers of Americans alive at that time and engaged in the war had witnessed and understood in a very different — and authentic — way.

The incident inflicts severe damage not just on its immediate perpetrators but on the Smithsonian. Mr. Heyman's role on the Smithsonian Board of Trustees, as well as the Smithsonian's role in the National Air and Space Museum management and the way the Smithsonian handles potentially inflammatory topics; the regents who backed him up include several who have called most loudly for oversight. Mr.

It was with mixed feelings that President Clinton decided to force Congress's hand. Executive orders have a bad reputation among congressmen. But this time the advantages appear to outweigh the drawbacks. Mr. Clinton saves legislators from having to take a stand on a highly unpopular measure. The president, for his part, spared the possible humiliation of seeing widespread defections from his own camp. Democrats were as tepid about the administration's proposal as Republicans were. — *Laurent Zucchini, Le Monde (Paris).*

Clinton's Peso-Rescue Calculus

It was with mixed feelings that President Clinton decided to force Congress's hand. Executive orders have a bad reputation among congressmen. But this time the advantages appear to outweigh the drawbacks. Mr. Clinton saves legislators from having to take a stand on a highly unpopular measure. The president, for his part, is spared the possible humiliation of seeing widespread defections from his own camp. Democrats were as tepid about the administration's proposal as Republicans were.

— Laurent Zecchini, *Le Monde* (Paris).

DAVOS, Switzerland — The impact of the change in U.S. involvement in the world is palpable here. There are a lot of American citizens among the 3,000 participants at the annual World Economic Forum, but scarcely any policymakers to deal with the 30 heads of state or government, 100 cabinet ministers from 97 countries, and business executives whose companies have a total turnover of \$4,000 billion a year.

More important, except for the issue of rescuing the Mexican peso, there has not been much talk about America's intentions, America's wishes, America's plans. Economically and militarily, it is still the remaining superpower, but it is felt as an absent, distant power.

This is new, and troublesome. Even those players on the world scene who often enjoyed America-bashing regret it and worry about it, because the world just is not organized enough to handle crises without American leadership. Nobody likes feeling under American dictation, but it takes American invigoration to addres energy to solving global problems.

Russia and Israel are also worried. In the same situations that are deteriorating because the United States is not pushing enough. If the exhilarating hopes of the last few years for progress and peace, are lost for lack of American attention,

before disaster hits, even though it can be foreseen. He was talking about the wars in Yugoslavia that he warned were coming when he was president of the now defunct federation in 1989, and which could have been avoided with outside assistance.

It is not too late to save Russia from a catastrophe that will be damaging for the world, but it is clear from what the many Russians and the best Western experts on Russia had to say here that it is getting very late.

George Soros, the American billionaire financier and philanthropist whose foundation is doing a lot to help, said that President Boris Yeltsin "has been captured by a bundle of people who are determined to restore a Russia which 'his fate has been sealed by the failure in Czechoslovakia."

The threat ahead, in Mr. Soros's view, is not so much civil war, since the bulk of the people won't take part, but a kind of

DAVOS, Switzerland — During a seminar on Russia at the Davos economic forum, Russian Economics Minister Yevgeni Yasin was extolling Boris Yeltsin's economic policies. As he spoke in Russian, the audience listened raptly to the translation through headsets, but after a few minutes they began to suspect that something was wrong. They were right. Somehow the translation from a Japan seminar next door got switched with Mr. Yasin's translation, and the audience was hearing the Russian minister extol the virtues of the Japanese auto industry.

Now, you could confuse Boris Yeltsin's economics with a lot of things, but the Japanese economy isn't one of them. Unfortunately, real economic reform is not one of them, either. And that is the problem.

President Yeltsin has not only lost his way in Chechnya, he has also lost his way in economics. And for the same reasons: too much vodka on his desk, too few reformers at his side and too many idiot apparatchiks around him all the time.

While television has focused on the dramatic battering of Grozny, it has missed the mundane but even more devastating battering that Mr. Yeltsin's policies have been delivering to Russia's ruble, budget and foreign investors.

It is too late to save Chechnya, but it may not be too late to save Russian economic reform. To do so, though, requires giving Mr. Yeltsin shock therapy.

For months now Boris has been blackmailing the West with this weakness, saying in effect: "I am fragile, don't push me too hard. If I fall, you will have to deal with really crazy people."

I am not for toppling Boris Yeltsin. But by being so worried about what comes after him, the Clinton team has lost sight of what has happened to Mr. Yeltsin himself — and made Washington

a hostage of his weakness. His weakness is his strength only if Washington lets it be, and it is time to stop letting it be.

What is the problem? Inflation, which was 4 percent a month in August, is now roaring along at 16 percent a month, because the central bank has lost control of the money supply. The 1995 Yeltsin budget is as phony as a rubber ruble, particularly its assumptions on inflation and the deficit.

Mr. Yeltsin rattled investors by appointing and then sacking a complete incompetent to run the key privatization ministry. Foreign portfolio investment in Russia fell from \$500 million in July to \$20 million in December.

There were basically two views

Areas were surveyed two views

on Mr. Yeltsin among the global investors and experts gathered at the Davos forum — those who think he is irredeemably lost and those who think he is just lost.

Those who think he is irredeemably lost included people like the financier George Soros, who argued that Mr. Yeltsin had thrown in his lot with the security apparatus and military-industrial complex against the new entrepreneurial class — a confrontation that makes for bad economic and social politics.

"Yeltsin has been captured by a bunch of people who want to restart a dictatorship," said Mr. Soros, whose foundation has financed Russian reform programs. The West, he adds, should be

STANFORD, California — "Neither the atomic bombing nor the entry of the Soviet Union into the war forced Japan's unconditional surrender. She was defeated before either of these events took place."

That kind of "revisionist" statement, implying that the atomic bombing of Japan was unnecessary, has so angered American veterans' organizations that they have forced the Smithsonian Institution to announce that it is gutting its controversial exhibit of the B-29 that dropped the bomb on Hiroshima in August 1945.

Yet the words were written not by some revisionist historian, nor by someone who knew little about the brutality of World War II in the Pacific. They were written shortly after V-J Day by Brigadier General Bonnie Fellers for use by General Douglas MacArthur, the U.S. Army's triumphant commander in the Pacific.

Other high-ranking military men expressed similar sentiments. "It is my opinion that the use of this barbarous weapon at Hiroshima and Nagasaki was of no material success in our war against Japan," wrote Admiral William Leahy, the wartime chair-

man of the Joint Chiefs of Staff, in 1950.

"The Japanese were already defeated and ready to surrender because of the effective sea blockade and the successful bombing with conventional weapons ... My own feeling was that in being the first to use it, we had adopted an ethical standard common to the barbarians of the Dark Ages."

After his White House years, President Dwight Eisenhower, looking back on his earlier service as a five-star general, also said he considered the bombing both unnecessary and morally dubious. In 1963 he said: "The Japanese were ready to surrender and it wasn't necessary to hit them with that awful thing ... I hated to see our country be the first to use such a weapon."

Ike's objections, like Admiral Leahy's, were purged from the Smithsonian script even before the exhibition was cut back.

In May 1945, 10 weeks before Hiroshima, General George C. Marshall, the army's chief of staff, said an atomic bomb should be dropped only on a "straight military

objective such as a large military installation," and then, if necessary, on a manufacturing center—but only after civilians were adequately warned so that they could flee. He did not want to break the old moral code against killing noncombatants.

The Japanese, of course, rejected. The point is not whether Generals Fellers and MacArthur and Admiral Leahy and Mr. Eisenhower were correct or incorrect about whether the bombing was necessary, and in what circumstances. Nor is it, as some have too easily contended, that these men had such thoughts before Hiroshima.

The point is that after the war a number of America's top military leaders chose to express their doubts, and sometimes even their skepticism, about the use of the bomb without having their patriotism challenged, it is dismay that their judgments have now been deemed too harsh for American eyes and ears.

The writer, a professor of history at Stanford University, is editor of the book "The Atomic Bomb: The Critical Issues." He contributed this comment to The New York Times.

VICO MORCOTE, Switzerland — Since the Council of Europe's creation in 1949, the feature that has set it apart from other intergovernmental organizations has been its insistence on respect for human rights and a democratic form of government as conditions for membership.

To such an extent was this the case that two member governments, Greece and Turkey, were obliged to withdraw from all or some of the activities of the Council because their political systems and practices were for a time judged not to conform with these requirements.

Conglomerate states comprising diverse ethnic groups have proved to be no longer viable in modern conditions. The Belgian, British, Dutch, French and Portuguese colonial empires were such conglomerates. Smaller conglomerates such as Yugoslavia and Czechoslovakia have proved unworkable. A powerful historical current is now sweeping away the few remaining conglomerate states.

Everywhere in the world people are demanding the right to live under their own governments in circumstances of their own choosing. This is in accord with the principles that originally inspired the Council of Europe and that most certainly still should.

It is not surprising that the czars, which was assumed and enlarged by the Soviet Union, was a colonial empire. It differed from

others in two respects only: The subject ethnic groups were contiguous and not separated by sea from the parent state, and the unity of the conglomerate was maintained by a brutal and ruthless use of force.

Today Russia stretches from the Baltic Sea to the Pacific Ocean and is still a conglomerate comprising many ethnic and national groups. Some of these peoples were originally subjugated by the czars. Both under the czars and under the Soviet Union, the Chechens were treated with barbarous cruelty. Under modern conditions, and in view of what is now happening in Chechnya, can the Russian conglomerate state be held together in its present form without the use of an unacceptable degree of force?

The current events in Chechnya make clear beyond doubt that some ethnic and cultural groups wish to enjoy the right to live under governments of their own choosing. A long history of brutal persecution has failed to extinguish this legitimate desire and has, on the contrary, made the Chechens grimly determined to separate themselves from Russia.

The Chechens in Chechnya will never be forgotten or forgiven by those who have suffered the death of friends and relatives and the destruction of homes and neighborhoods at the hands of Moscow's troops. Inevitably this will strengthen their deter-

The reckless destruction of civilian life and property in Cbechnya far exceeds anything even remotely approaching the conditions that in Greece and

Turkey were judged incompatible with full membership in the Council of Europe. If the organization is to retain any element of credibility as a defender of democracy and human rights, the following considerations should be conveyed to Russia:

1. No state that treats its subjects with the indiscriminate brutality used in Chechnya could be eligible to join the Council of Europe as a member state. The gross abuse of human rights and dignity are offensive to everything for which the Council stands. Given the unstable state of Russian politics, assurances for the future cannot be taken at their face value. It is the Council's plain duty to await their confirmation by events over a period of time.
2. On the other hand, the Council should make it clear that it would welcome the participation of Russian government in its intergovernmental work. This would be a temporary measure until the situation in Russia is clarified and stabilized. Such participation can take place without full membership.

It would ill-serve Europe and Russia to seek to confuse or evade

I am aware that several governments are of an opinion that in this instance principle should be sacrificed to expediency. This is what happened at Munich many years ago. The argument is flawed even on grounds of expediency, for the Russian conglomerate state

But there is a policy that is in conformity with the principles of

the Council of Europe and is also expedient: to encourage and assist Russia in the devolution of power to those ethnic regions that wish for this, including independence. At the same time, every encouragement should be given to each ethnic region to establish and maintain close relations with Mos-

The Council of Europe's members have much to offer in support of such a policy, and there is a good chance that it could be carried out. They should not be satisfied with anything less.

The writer was secretary-general of the Council of Europe from 1964 to 1969. He contributed this comment to the Herald Tribune.

PARIS — The *Figaro* states that the New York *Sun* lately presented its readers with a portrait of M. Faure, the great baritone, over the inscription "M. Félix Faure, President of the French Republic." The portrait was reproduced from an illustrated sheet advertising a medicinal wine. The *Figaro* considers that having regard to the distances between New York and Paris the mistake is excusable.

1920: Relief for Europe

WASHINGTON — As predicted, the Ways and Means Committee of the House of Representatives has appropriated \$50,000,000 for food relief in the countries of Europe, but refused to state in what countries the money should be spent. The expenditure is left to the discretion of the State Department. This sum of \$50,000,000

is in place of the sum of \$150,000,000 which was urged by the President and by Secretary Glass to relieve suffering in Austria, Poland and Armenia.

LONDON — The mystery of radar — the radio-location device which reveals the presence of objects no eye can see and which is probably the most distinct scientific achievement of this war —

was explained today [Feb. 1] for the first time by two British technical publications. Though jealously guarded from prying eyes, radar instruments have been almost as plentiful as wireless apparatus throughout the war. It was the instrument which probably won the Battle of Britain in the summer and fall of 1940, and which is still winning battles in which men have to ward off surprise attacks by ships or airplanes.

HEALTH / SCIENCE

Long-Term HIV Survivors

Studies Look at Those Who Have Stayed Healthy

By Don Colburn
Washington Post Service

WASHINGTON — They are the puzzling exceptions to a grim rule. Researchers at the National Institutes of Health and around the United States are studying a tiny group of HIV-infected people who share a startling pair of characteristics.

They have had the AIDS virus a long time. And they haven't gotten sick.

"Long-term AIDS survivors" is a cruelly relative term. Most people infected with HIV, the virus that causes AIDS, take about seven years to develop symptoms and eight or more years to fit a diagnosis of the disease. But even with the best available treatments for AIDS, half the patients die within two years of being diagnosed and few live beyond three.

Yet about 5 percent of HIV-positive individuals — or one in 20 — show a remarkably different pattern. After a decade or more of infection, they appear not only clinically well — without symptoms — but also immunologically well — without the cellular damage that shows up on laboratory tests even before an HIV-positive patient develops obvious signs of AIDS.

Scientists call them long-term nonprogressors — meaning they have the virus but have not progressed to AIDS. "It is astounding that not only are they alive and well, but they show no signs of disease progression," said Anthony S. Fauci, director of the National Institute of Allergy and Infectious Diseases.

Three studies of long-term nonprogressors appeared in last week's New England Journal of Medicine. One, by researchers at the Aaron Diamond AIDS Research Center and New York University School of Medicine, looked at 10 people who had no symptoms despite being HIV-positive for 12 to 15 years. They even had normal counts of T cells, the key infection-fighting blood cells targeted by HIV. The patients had relatively low levels of HIV in the blood and showed a combination of a strong immune response and a slightly weakened version of the virus.

A second team, based in Dr. Fauci's lab, also has been scrutinizing a group of long-term nonprogressors from the multicenter AIDS cohort study (MACS), which has followed nearly 5,000 gay men in four cities.

Based on MACS data, Dr. Fauci said, it appears that 5 percent of HIV-infected people may turn out to be long-term nonprogressors. That does not mean they will never get AIDS; it means their immune systems remain apparently intact after 10 or more years of HIV infection.

The NIAID team, led by Giuseppe Pantaleo, reported on 15 of those patients last week. All 15 had been infected for more than seven years — and 13 for more than 10 years — but developed

no symptoms. More surprisingly, their immune systems seem intact, with no measurable damage. They did not take AZT or any other anti-HIV medication.

Researchers looked in particular at the patients' lymph nodes, where HIV usually inflicts much of its damage to the immune system. In comparing the lymph tissue of the 15 long-term nonprogressors with samples from other HIV-positive patients, they found a striking contrast. "Their lymphoid tissue is intact," Dr. Fauci said. "The virus is there, but in much lower amounts."

One possible explanation is that these individuals were infected by a weak strain of the virus. "We don't think so," Dr. Fauci said. In the 15 patients under study, he said, "we don't have any evidence that we're dealing with a defective virus."

Dr. Fauci emphasized that there is no guarantee these so-called exceptional patients will not eventually succumb to the virus.

But what intrigues scientists is that these patients do not seem to be losing immunological ground to the AIDS virus, even slowly. Most HIV-infected people, even before they get sick with symptoms, show telltale signs in their lymph nodes and blood that the virus is beginning to damage the immune system. Their T-cell counts start to fall long before they are diagnosed with AIDS.

The patients being studied by Dr. Fauci's team have T-cell counts in the normal range, as well as healthy lymph tissue.

The NIAID and the New York studies show a small group of patients whose immune systems fight off HIV longer and more effectively than usual. Unfortunately, the reasons are unclear.

In a third study in last week's journal, a team from the New England Primate Research Center, the University of Massachusetts and Harvard reported on one long-term HIV survivor, a 44-year-old man with hemophilia who was infected by contaminated blood transfusions sometime before 1983. The man's virus contained a defective gene known as nef.

RESearchers hope that a defective form of the virus might become the basis of a vaccine against deadlier versions.

It's not surprising that some individuals get sick faster than others from HIV infection. AIDS has always been a widely variable illness. But until recently the variation was assumed to be a matter of degree, with all HIV-infected people moving — gradually or rapidly — toward a diagnosis of AIDS.

"If two or three years ago, you had told me we'd find people who are not only clinically well but also immunologically well, I would have had a hard time believing you," said Lewis K. Schrag, an NIAID investigator who directs the MACS program. "It would have been pretty unheard of."



Dr. Andrew Wiles (right) turned to Dr. Richard Taylor, a former student, for help in completing his proof of Fermat's last theorem.

Math Scores: The Fermat's Theorem Race

By Gina Kolata
New York Times Service

NEW YORK — Fermat's last theorem, which has tantalized mathematicians for more than 350 years, has at last been solved, say those who have read the revised but not yet published proof. The endgame of this furious chase has proved as full of last-minute surprises as a murder mystery.

For Dr. Andrew Wiles of Princeton University, the chief author of the proof, triumph had to be snatched from the jaws of disaster. His first proof, which aroused worldwide attention when announced two years ago, turned out to contain a gap, which Dr. Wiles found he was unable to cross alone.

The enormous intellectual trophy of having conquered the world's most famous mathematical problem seemed about to slip from his grasp. He invited a well-known mathematician to help him bridge the gap, he would risk having to share the credit. What was needed, and what he pulled off, was a miraculous save with just the right collaborator.

On a mathematical level, Fermat's last theorem turns out to have extraordinarily deep roots, despite its apparent simplicity. The theorem is a special case of an overarching mathematical idea known as the Taniyama conjecture, which is itself a giant step toward the goal of what is known as the Langlands program, a grand unified theory of mathematics.

Proving Fermat's theorem showed

how the even more daunting Taniyama conjecture might be tackled and now, with Dr. Wiles's proof in hand, one of his former students, Dr. Fred Diamond of Cambridge University in England has already made considerable progress on a Taniyama proof that until recently had seemed unattainable.

Fermat's last theorem dates from 1637. The French mathematician and physicist Pierre de Fermat had scribbled it in the margins of a book, adding that he had discovered a marvelous proof but that the margins were too small to hold it.

The theorem says that equations of the form $x^n + y^n = z^n$ (to the n th power) equals z (to the n th power) have no solutions when n is a whole number greater than 2 and when x , y and z are positive whole numbers. When n equals 2, the equation is the familiar Pythagorean equation, which says that the squares of the lengths of two sides of a right triangle equal the square of the length of its hypotenuse. One solution is 3 (to the 2d power) plus 4 (to the 2d power) equals 5 (to the 2d power).

Dr. Wiles, 41, had been fascinated with the challenge of the theorem since he was a child. Indeed it was Fermat's last theorem that drew him into mathematics. But he did not begin working on his proof until eight years ago, secluded in his attic office and telling just a few trusted friends what he was doing. Finally, he convinced himself that the work was done and he announced it in a series of three lectures at a mathematics meeting in Cambridge, England. Only at the end of the third lecture, on June 24,

1993, came the stunning announcement — Fermat's last theorem was proved. Leading researchers immediately hailed Dr. Wiles's achievement. Built on a body of sophisticated mathematics that had been developed in recent years, his proof made so much sense that they confidently predicted that it would hold up to scrutiny.

Dr. Wiles, cautious and a bit nervous, decided not to circulate copies of his manuscript widely among mathematicians but instead to wait until a select few experts who were reviewing it prior to publication proclaimed it sound.

Writing a complex proof, he said, "is like writing in a foreign language — you are bound to make a few grammatical errors." If there were any faults, as often happens with complicated proofs, he wanted to fix them himself rather than share the glory.

"It's a very competitive environment," Dr. Wiles explained, and, after working for seven years and after getting so close, he wanted the victory to be his alone.

SEVERAL minor faults were found and Dr. Wiles fixed them. But then, in the fall of 1993, a reviewer asked him to justify an assertion, in the midst of his proof, that a certain estimate was correct. The gap at first seemed to be of minor importance. But although the estimate seemed, intuitively, to be correct, proving it was a different matter.

Dr. Wiles thought carefully about whom he would ask to join him on the proof. "I wanted someone I was sure

of," he explained. So he called Dr. Richard Taylor, 32, a former student who is now a reader, a tenured position, at Cambridge University.

The two began collaborating furiously and, two and a half weeks later, they had written a paper, whose authors are, in order, Dr. Wiles and Dr. Taylor, that filled in the gap of the proof.

The credit for solving Fermat's last theorem seems likely to go largely to Dr. Wiles, since he is the sole author of the major paper on the proof, and since it was his ideas that bridged the gap.

Although Dr. Taylor evidently played an important supporting role, he says that he agrees with Dr. Wiles's account of their collaboration. Dr. Diamond carefully describes the proof as "the theorem of Wiles, completed by Taylor and Wiles." Dr. Wiles said he agreed with this description.

Before Dr. Wiles was willing to announce that he and Dr. Taylor had filled the gap, he asked a few leading experts to check his argument. One was Dr. Gerd Faltings, a mathematician at the Max Planck Institute in Bonn, who said he read it in a week and was convinced it was correct. Now, Dr. Faltings has improved the proof, making it sleeker and easier to follow. Still, he said, most mathematicians who are expert enough in the field to read the proof will probably require a month to go through it.

Now, mathematicians said, the final proof of the elusive Taniyama conjecture is in sight. "If I had to guess, I would say it is at least a few months and at most a few years," Dr. Diamond said.

Key to Missing Matter?

By John Noble Wilford
New York Times Service

NEW YORK — Particles so slight they were long thought to have no mass at all may be some of the most consequential matter in the universe, probably much more abundant and substantial than all the ordinary matter in planets, stars and galaxies.

In experiments aimed at answering one of the most intriguing questions in particle physics and cosmology, scientists at Los Alamos National Laboratory in New Mexico have produced strong evidence that these elusive particles, called neutrinos, do indeed have mass. This means that neutrinos could constitute a major component of the mysterious invisible matter, the long-sought missing mass, that cosmologists think fills and shapes the universe, and could dictate its fate.

Dr. D. Hywel White, leader of the research team, said in an

interview that "the most likely explanation" for the observed behavior of neutrinos produced by a proton accelerator was that these particles have some as yet undetermined amount of mass.

The neutrino mass, he said, must be greater than one-half of an electron-volt, the minimum of the detectors' sensitivity, and perhaps no more than five electron-volts. By comparison, the mass of a single electron, a constituent of atoms that is the next lightest particle with mass, measures more than 500,000 electron-volts. An electron-volt, a measure of energy as equivalent to mass, is one one-billionth the mass of the proton, a fundamental particle of ordinary matter.

The observations have been repeated in two long experimental runs, totaling five months, and carefully analyzed to rule out possibly false or misleading signals, Los Alamos scientists said. The increased number of observed events in the second run, completed in November, gave the scientists

greater confidence that they were in fact seeing the effects of neutrinos with mass.

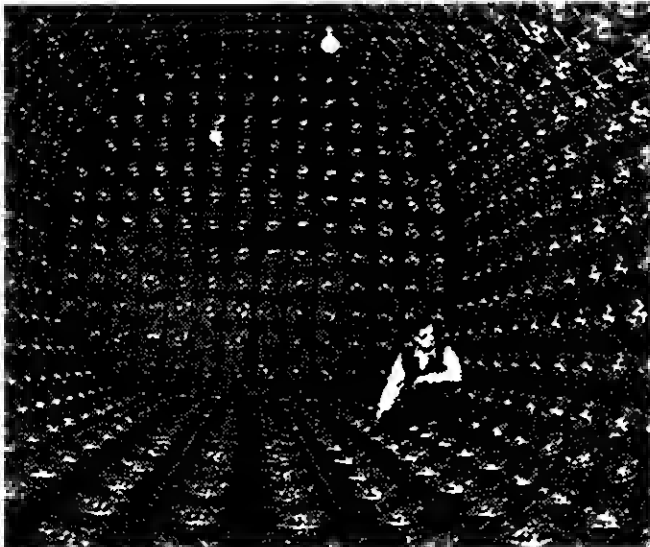
"That's why we are now ready to talk about this publicly," said Dr. William C. Louis, a member of the project.

The findings are to be described at a scientific meeting in Los Alamos this week and in a formal report being prepared for publication in the journal Physical Review Letters.

Scientists familiar with the research expressed confidence in the interpretation that the experiments had detected the mass of neutrinos.

But some astrophysicists were more cautious, mindful of other reports in recent years of evidence for neutrino mass that proved to be wrong.

"We are being careful because we feel we have a high burden of proof," Dr. White said, acknowledging these concerns. "But we believe we are right and won't have anything to regret later."



This is the device built to find evidence of neutrinos.

Dr. White and Dr. Louis said further experiments and tests would be necessary to establish the results beyond any reasonable doubt and to pin down the precise masses. At least two more years of work is planned at Los Alamos. Other tests are to be conducted at Fermi National

Accelerator Laboratory in Batavia, Illinois, and at CERN, the European particle physics laboratory near Geneva.

If the results are verified, Dr. Joel Primack, a theoretical astrophysicist at the University of California at Santa Cruz, said, "this is a very big discovery." He explained: "It's the golden evidence for neutrino mass. It's the discovery of more matter in the universe than we've known up to now."

The new research, Dr. Primack said, could mean that massive neutrinos could account for 10 percent to 20 percent of the theorized mass density of the universe.

Junk Diet in Cyberspace

By Marian Burros
New York Times Service

NEW YORK — It's Dodge City in cyberspace. Myth and rumor fly as fast as bullets, and the sheriff is nowhere in sight. Much misinformation is not shot down. Some of it is harmless, but a lot is dangerous to health and well-being.

There are very few restrictions on the kinds of information that appear on the bulletin boards or in the forums of the three commercial on-line services — America Online, CompuServe and Prodigy — or on the Internet.

Combined, they have more than 30 million subscribers. The anonymity of communicating this way makes it possible for people to provide false information with little fear of the consequences that might occur if they offered erroneous advice in a newspaper or magazine, or on radio or television. It is difficult to sort out fact from hype.

My interest in these postings was aroused by a letter asking me to look into a rumor involving Neiman Marcus, the Texas-based retail chain.

An old story about one of its recipes had cropped up again in cyberspace. According to the posting, someone had requested a recipe from Neiman Marcus

and the store had sent the recipe along with a credit-card charge of \$2,500. Other on-line users chimed in with reports of similar experiences, all secondhand.

A call to a representative in the Neiman Marcus public relations department brought a small laugh and a sigh, along with the assurance that the store had never charged for a recipe supplied to anyone.

But some of the misleading information in these forums could have dire consequences. It is the same kind of misinformation that is often found in health food stores, health food magazines and books.

A recent article in the Tufts University Diet and Nutrition Letter said that some on-line chaters are nutrition supplement salespeople "who join the services merely to make a buck by pretending that they are there to share information." In some cases, these are the managers who organize and run the forums on line and are paid a percentage of the fee charged to subscribers.

Ira Milner, a registered dietitian who wrote the article after spending 60 hours on line looking for diet and health information, found that a manager of one forum is an owner of a company that posts its catalogue in the forum's library. Another manager is a lobbyist for the supplement industry.

Another recommended a regimen of flaxseed oil and cottage cheese to cure lung cancer and a treatment of distilled water for arteriosclerosis.

Over several days, I spent more than five hours surfing on the three commercial services following health-related chats. I found equally bogus claims and questionable practices. One chatter requested advice on dissolving cataracts.

Although the on-line services say they monitor their forums for vulgar language, illegal activity and harassment, they say they are not otherwise responsible for content.

French Sperm Bank Has Drop in Quality

BOSTON — Semen quality at a Paris sperm bank has been declining for 20 years, French scientists have found.

The researchers found no decline in the amount of semen produced by the 1,351 men donating to the sperm bank at the Groupe Hospitalier Cochin in Paris. But the sperm concentration in 1973 was 89 million per milliliter of semen, compared with 60 million in 1992, according to an article published Thursday in the New England Journal of Medicine.

BOOKS

A DEATH IN JERUSALEM

By Kati Marton. 321 pages. \$25. Pantheon.

Reviewed by Jonathan Groner

LONG before Baruch Goldstein, the Jewish settler who killed 29 Muslims last February as they prayed in the Tomb of the Patriarchs, there was Lehi. Known to history as the Stern Gang, a derisive term devised by its British enemies, Lehi flourished for just a decade (1940-49) as the most extreme manifestation of Jewish nationalism in the desperate years before and immediately after Israel became independent.

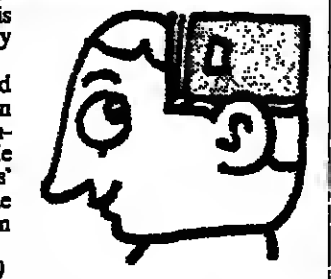
Lehi's membership never exceeded a few hundred; its originator, Avraham Stern, was killed by British soldiers in 1942, less than two years after the group's founding; and its ideology of blood and terror was repudiated by David Ben-Gurion and virtually all of the Zionists movement. Yet Lehi, like other ultra groups on both sides of the Arab-Israeli conflict, had its impact on the history and the mythology of the Middle East. Even in the 1990s, its ideology needs to be understood — if for no other reason than that Yitzhak Shamir, the former Israeli prime minister, was a member of its inner circle.

There is no better way to examine Lehi than through its most notorious act on the world stage, the assassination in September 1948 of Count Folke

WHAT THEY'RE READING

• **Josephus Melchior Thimister**, designer for Balenciaga, is rereading "Giovanni's Room" by James Baldwin.

"Baldwin's books are sacred to me, my inspiration. Baldwin was born with all life's disadvantages: black, poor and gay. He called them 'God's blessings' and, by using them, became one of the most famous writers in America." (Margaret Kemp, IHT)



Bernadotte, the subject of Kati Marton's "A Death in Jerusalem." Bernadotte was the Swedish diplomat who had just been named by the United Nations to mediate the Arab-Israeli dispute. Marton, a former television correspondent whose most recent book was a study of the murder, also in 1948, of journalist George Polk, has written a careful, well-balanced and occasionally dramatic account of the events that led up to the bloody collision on a Jerusalem street between Lehi's hit men and the aristocratic Bernadotte.

The context of the Bernadotte murder is crucial. By September, the Israeli War of Independence was essentially over, and Israel had gained its short-term goal — its existence. Bernadotte thus could not be termed in any sense a military target. Naive though he may have been — and according to Marton's account, his naiveté was stunning — he was a man of peaceful intentions and un-

common personal courage. Bernadotte was shot by Lehi because he had proposed the undoable and the unthinkable: hand over Jerusalem to the Arabs (or internationalize it) and then cede the Negev in the south of Israel to Arab control. Bernadotte paid for that idea with his life.

While Marton makes it clear that she finds violence morally unacceptable as a political tactic, she expresses considerable empathy for the Israelis' view of Bernadotte's mission. The United Nations may have chosen the wrong man, she argues. Bernadotte's "aristocratic self-assurance, his ramrod-straight military bearing and his fatal rush for a settlement — one of this could inspire trust in people whose parents, sisters and brothers had been grabbed in ghettos and died in the death camps. . . . A man with no love for books, a near-total absence of a tragic dimension, should not have been sent to

deal with the people of the Book.

Marton notes correctly that even raising the issue of handing Jerusalem to the Arabs was guaranteed to antagonize Israel, its moderates as well as its extremists. Bernadotte was simply incapable of comprehending the depth of the Israelis' love for the land and their disdain for "solutions" imposed by outsiders. It wasn't just Lehi who saw Bernadotte as a problem.

In these reflections by Marton, though, lie the tragic irony and the utter pointlessness of the murder. The Bernadotte plan had died well before Bernadotte himself. Emboldened by their battlefield success, the Israelis had rejected the peace proposal out of hand in the summer of 1948. So had most of the Arabs, for opposite reasons. Peace in the Middle East was assuredly going to take a much longer and more circuitous path than Bernadotte's simplistic divide-the-child-in-half notion.

The assassination thus represented the triumph of terror for the sake of terror. Once unleashed, Jewish xenophobia led to a killing that shocked the world, Jews and non-Jews alike.

Marton tells her story compellingly for the most part, taking good advantage of her interviews with aging (and mostly unrepentant) Lehi members.

Jonathan Groner, a writer for Legal Times, wrote this for The Washington Post.

BRIDGE

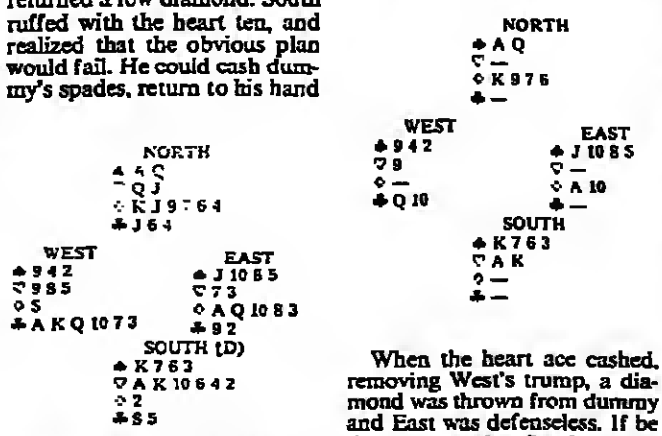
By Alan Truscott

IN the diagrammed deal, South was the declarer in four hearts after West overcalled in clubs.

West cashed two club winners and shifted to the singleton diamond. Dummy's jack was taken by the queen, and East returned a low diamond. South ruffed with the heart ten, and realized that the obvious plan would fail. He could cash dummy's spades, return to his hand

with a club ruff, and ruff his spade loser. But he would then be unable to draw trumps without permitting the defense to score a trump trick.

So South cashed the Q-J of hearts and returned to his hand by ruffing the club jack, leaving this position:



Neither side was vulnerable. The bidding: South 1♥, West 2♣, South 2♥, West 2♠, South 3♥, West 3♠, South 4♥, West 4♠, South 5♥.

Is It Alexander's Tomb? Dig Halted for a Month

SIWA OASIS, Egypt — Archaeologists searching in Egypt for the tomb of Alexander the Great said Wednesday that they had uncovered an underground passage leading to what they believe is his final resting place.

But they announced a one-month break from their excavations, leaving historians in suspense as to whether they really have found the burial site of the Macedonian king.

Liana Souvatzis, the head of the Greek team exploring the sprawling oasis of Siwa in Egypt's western desert, said she hoped they would get back to work again at the end of the Muslim holy month of Ramadan. She showed visitors to the site, at El Maraqi, about 15 kilometers (10 miles) west of Siwa town, a concealed crypt leading from the entrance of the smaller of two excavated buildings. A passageway, impenetrable until it is cleared of mud and water, leads to the actual burial chamber, she said. She said the larger building, with a long corridor leading to two antechambers and a "burial chamber," was an elaborate decoy designed to mislead potential grave robbers.

Until now, most historians have believed Alexander's grave was somewhere in Alexandria, the Egyptian port city that he founded. Alexander's deputy, Ptolemy I, carried his mummified body back to El Maraqi after his death in 323 B.C. and that the Roman emperor Trajan came to make offerings to the "one and unique" Alexander after his death. She said that the site had typical Macedonian designs, such as oak-leaf insignia at the top of columns and that Alexander had requested that he be buried there.

MARKET DIARY

Cyclical Issues Help Dow Creep Higher

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose slightly Wednesday despite a fall in the bond market that followed a long-awaited credit tightening by the Federal Reserve.

Economically sensitive stocks, which tend to fall when interest rates rise, led the market higher. Analysts said these issues gained because investors concluded that the central bank was finished raising rates for a while, and that there was still some room for the economy to expand in this cycle.

The Dow Jones industrial average closed 3.70 points higher at 3,847.56. Advancing issues outnumbered declining ones by a 4-to-3 margin.

Boeing, International Business Machines, Aluminum Company of America and International Paper led the rise in the Dow.

The bond market fell immediately after the Fed announced the half-point rise in short-term

interest rates. The price of the benchmark 30-year Treasury bond fell 17/32 to 97 5/32, causing its yield to rise to 7.74 percent from 7.69 percent.

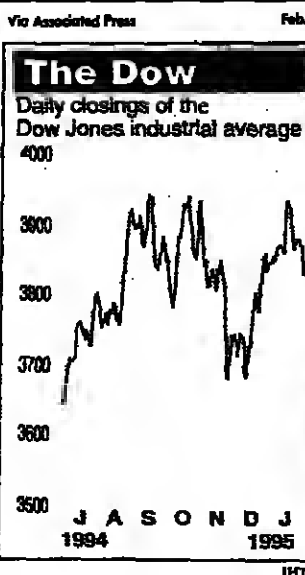
Commercial banks responded to rate rise by raising their prime rate, the rate they charge their best customers, to 9 percent from 8.5 percent.

Despite the market's overall rise, the American depositary receipts representing shares in Mexican companies fell, giving back strong gains they posted Tuesday after President Bill Clinton announced a new aid package for Mexico. Telefonos de Mexico fell 1 1/4 to 34 1/4.

Automobile stocks were mixed after Ford Motor announced record earnings for 1994. Ford fell 1/4 to 25 1/4, while General Motors rose 1/4 to 39 1/4 and Chrysler rose 1/4 to 45 1/4.

Traders said the prospects of higher borrowing costs for car buyers following the rate increase dampened enthusiasm over record 1994 earnings for the Big Three automakers.

(AP, Bloomberg)



NYSE Most Active

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,000,000	100 1/4	99 3/4	100 1/4	+1/4
Microsoft	1,000,000	40 1/4	39 3/4	40 1/4	+1/4
Apple	1,000,000	20 1/4	19 3/4	20 1/4	+1/4
Oracle	1,000,000	15 1/4	14 3/4	15 1/4	+1/4
Amazon	1,000,000	10 1/4	9 3/4	10 1/4	+1/4

NASDAQ Most Active

Symbol	Vol.	High	Low	Last	Chg.
Intel	1,000,000	40 1/4	39 3/4	40 1/4	+1/4
Microsoft	1,000,000	40 1/4	39 3/4	40 1/4	+1/4
Apple	1,000,000	20 1/4	19 3/4	20 1/4	+1/4
Oracle	1,000,000	15 1/4	14 3/4	15 1/4	+1/4
Amazon	1,000,000	10 1/4	9 3/4	10 1/4	+1/4

AMEX Most Active

Symbol	Vol.	High	Low	Last	Chg.
Goldman Sachs	1,000,000	100 1/4	99 3/4	100 1/4	+1/4
JP Morgan Chase	1,000,000	100 1/4	99 3/4	100 1/4	+1/4
Bank of America	1,000,000	100 1/4	99 3/4	100 1/4	+1/4
Wells Fargo	1,000,000	100 1/4	99 3/4	100 1/4	+1/4
Citigroup	1,000,000	100 1/4	99 3/4	100 1/4	+1/4

Market Sales

Market	Volume	Value
NYSE	1,000,000	\$100,000,000
NASDAQ	1,000,000	\$100,000,000
AMEX	1,000,000	\$100,000,000

The Dow

Daily closings of the Dow Jones industrial average

Date	High	Low	Last	Chg.
1994	3,800	3,750	3,780	+30
1995	3,850	3,800	3,847.56	+3.70

NYSE Indexes

Index	High	Low	Last	Chg.
NYSE Composite	1,000	990	1,000	+10
NYSE Industrial	1,000	990	1,000	+10
NYSE Retail	1,000	990	1,000	+10

NASDAQ Indexes

Index	High	Low	Last	Chg.
NASDAQ Composite	1,000	990	1,000	+10
NASDAQ Industrial	1,000	990	1,000	+10
NASDAQ Retail	1,000	990	1,000	+10

AMEX Indexes

Index	High	Low	Last	Chg.
AMEX Composite	1,000	990	1,000	+10
AMEX Industrial	1,000	990	1,000	+10
AMEX Retail	1,000	990	1,000	+10

Market Sales

Market	Volume	Value
NYSE	1,000,000	\$100,000,000
NASDAQ	1,000,000	\$100,000,000
AMEX	1,000,000	\$100,000,000

European Futures

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Financial

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Industrial

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Stock Indexes

Index	High	Low	Last	Chg.
Dow Jones	3,850	3,800	3,847.56	+3.70
S&P 500	1,000	990	1,000	+10
NASDAQ	1,000	990	1,000	+10

Commodity

Commodity	High	Low	Last	Chg.
Oil	100.00	99.50	100.00	+0.50
Gold	100.00	99.50	100.00	+0.50
Silver	100.00	99.50	100.00	+0.50

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3-Month Eurodollar	100.00	99.50	100.00	+0.50
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Financial

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Stock Indexes

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Commodity

Commodity	High	Low	Last	Chg.
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Gold	100.00	99.50	100.00	+0.50
Silver	100.00	99.50	100.00	+0.50

Index of Leading Indicators Rises

WASHINGTON (Bloomberg) — The Commerce Department said Wednesday its index of leading indicators, a closely watched gauge of economic growth over the next six to nine months, rose 0.1 percent in December. The gain followed a 0.3 percent increase in November.

Analysts said the index showed that consumers, enjoying a strong job market, remain in the mood to spend both for everyday needs and major purchases.

In a separate report, the Commerce Department said U.S. construction spending rose 8.7 percent in 1994 to its highest level in a decade as increased borrowing costs failed to dampen demand for home and commercial projects. In December, construction spending rose a larger-than-expected 1.1 percent, led by an increase in spending for public construction projects.

Toshiba Joins Computer Price War

IRVINE, California (Bloomberg) — Toshiba Corp. said Wednesday it had cut prices on 15 of its notebook-style computers by up to 21 percent, joining a nascent price war in the fast-growing market for portable computers.

The move follows price cuts this week of up to 15 percent by Dell Computer Corp. on its popular Latitude line, and Compaq Computer Corp.'s reduction of up to 15 percent for some models sold in Europe.

The Toshiba price reductions are effective immediately and apply to the high-end T4700CT, T4800CT and T4850CT notebook models as well as some Satellite Pro and Satellite models sold in the United States.

Amgen Posts Fourth-Quarter Profit

THOUSAND OAKS, California (Bloomberg) — Amgen Inc. said Wednesday that fourth-quarter earnings before a charge increased 21 percent, supported by strong sales of its leading drugs, Neupogen and Eprex.

The world's largest biotechnology company said profit from operations rose to \$121 million from net income of \$91.1 million. In the fourth quarter, a charge of \$116 million, related to last fall's purchase of Synergen Inc. resulted in net income of \$4.8 million.

Revenue increased 19 percent, to \$413.7 million because of strong drug sales.

Ben & Jerry's Appoints New Chief

WATERBURY, Vermont (Bloomberg) — Ben & Jerry's Homemade Inc. ended a much-publicized seven-month search with the appointment of Robert Holland Jr., a former executive at the management consultancy McKinsey & Co., as chief executive.

Mr. Holland replaces co-founder Ben Cohen, who will remain chairman and concentrate on "fun stuff," the company said.

Mr. Holland is also a former chief executive of City Marketing Inc., a Detroit, Michigan beverage distributor, and Gilreath Manufacturing Inc., a maker of plastic injection moldings.

Ben & Jerry's said Mr. Holland did not enter the essay contest it staged for prospective chief executives, but he was eventually required to submit an essay, which he wrote in the form of a poem entitled "Time, Values and for Cream."

(AP, Bloomberg)

Delcor Raises Bid for Gypsum

CHARLOTTE, North Carolina (Combined Dispatches) — Delcor Inc., raising the stakes in its hostile effort to acquire National Gypsum Co., announced Wednesday a new bid that values the building-materials maker at more than \$982 million.

Delcor said its new \$46-per-share offer represented a 40 percent premium over National Gypsum's stock price when it made an initial offer on Nov. 15. National Gypsum has rejected Delcor's offers as too low.

National Gypsum shares closed at \$41.50, up \$1.75, in over-the-counter trading.

(AP, Bloomberg)

For the Record

The Washington Post Co. said its 1994 earnings rose nearly 3 percent, to \$169.7 million, on a strong performance by the company's newspaper and broadcast divisions. Revenue for 1994 totaled \$1.6 billion, up 8 percent from the previous year. (LAT)

Morrison Knudsen Corp. said it would report a loss for the fourth quarter and for all of 1994 and eliminate its quarterly dividend of 20 cents a share. The engineering and construction company also said William Agee, its chairman and chief executive, was retiring.

(Bloomberg)

Time Warner Bows Out of Britain's Channel 5

LONDON — Time Warner Inc. said Wednesday it had decided to pull out of bidding for Channel 5, Britain's fifth television network, which is due to start broadcasting within two years.

"It was a tough call, but we have a number of other priorities now," Farrell Meisel, senior vice president of Time Warner Broadcasting UK, said.

Time Warner was one of the main partners in the Channel 5 Broadcasting Ltd.

consortium with British media companies M&P PLC and Pearson PLC. It was formed after the first invitation to tender two years ago failed to attract a suitable candidate.

Time Warner was seen as one of the most formidable in expressing its interest in the license, despite having been turned down in the first tender invitation.

Mr. Meisel said there were a "number of uncertainties involved, certainly on the

technical side," which influenced its decision to pull out of the project.

The channel, for which bids must be placed before a May deadline, has suffered a number of setbacks.

Most notably, the frequencies originally set aside for it have been reallocated to future digital broadcasting projects, slashing its coverage to just over half the country.

The channel is due to come on air by Jan. 1, 1997 at the latest.

To our readers in Berlin
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U.S. FUTURES

See Associated Press Feb. 1

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

Contract	High	Low	Last	Chg.
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50
3-Month Eurodollar	100.00	99.50	100.00	+0.50

EUROPE

Total SA: Ready for Baghdad

French Oil Firm Is Willing to Sign Iraq Deal

Compiled by Our Staff From Dispatches

PARIS — The chairman of Total SA, Serge Tchuruk, said Wednesday that the French oil company would sign an agreement with Iraq, as long as it was applied once UN sanctions were lifted.

"If we had the chance to sign an agreement with Iraq before sanctions are lifted, on the understanding that the deal would be implemented after the embargo is lifted, we would sign," he said.

The Total chairman confirmed reports that the company was continuing discussions with Iraqi authorities, as are other world oil companies, but nothing has been signed.

Total also announced that 1994 net income rose 13 percent because of reduced operating costs, increased oil flows and improved chemical profits.

Net profit rose to 3.4 billion French francs (\$564 million) from 3.0 billion in 1993. Total improved profits even as refining margins shrank, the

dollar was weak and crude oil prices, which have been rising in recent months, were 7 percent lower on average last year than in 1993.

Operating profit rose to 6.9 billion francs from 6.8 billion francs in 1993, which included an 800 million loss from a reduction in the value of its petroleum assets.

Of the 1994 improvement in operating profit, 1.2 billion francs were related to reduced operating costs and a rise in earnings from higher oil and natural gas production.

Mr. Tchuruk said Iraq's return to the world oil market would not flood the market disastrously because its return had largely been anticipated.

Oil prices would probably react, but the reaction was likely to be short-lived, he said.

Mr. Tchuruk said he hoped crude prices would recover as economic growth in industrialized nations and in Asia gathers steam, boosting demand for oil

to fuel power plants and automobiles.

Mr. Tchuruk said the possible resumption of Iraq's oil exports once international sanctions were lifted could paradoxically boost prices.

"What markets have most is uncertainty, and that's what's weighing prices down," he said. Iraq was barred from exporting oil after its failed attempt to annex Kuwait in the early 1990s.

(Bloomberg, AFX, AFP)

Petrofina Net Jumps 45%
Petrofina SA, Belgium's biggest industrial company, said net profit rose 45 percent in 1994 because of rising chemical prices and revenue from the sale of assets, Bloomberg Business News reported.

The oil and chemical company said net consolidated profit rose to 10.3 billion Belgian francs (\$328 million) from 7.1 billion francs in 1993. Earnings for 1994 included 2 billion francs in gains on asset sales.

S&P Turns 'Negative' On Italy Foreign Debt

Compiled by Our Staff From Dispatches

MILAN — Standard & Poor's, the credit rating agency, on Wednesday revised its opinion of Italy's foreign debt from "stable" to "negative," saying it feared the country's leaders were incapable of effective action on the budget deficit.

The firm fell slightly against the Deutsche mark and Italian bond futures reversed earlier gains on the news, which came as Prime Minister Lamberto Dini was being confirmed in office by Parliament.

Analysts said the move by Standard & Poor's could be a step toward reducing its rating on Italy's long-term debt of 128 trillion lire (\$80 billion), which could then increase the cost of future borrowing.

The agency said its negative outlook "reflects the increasing risk that Italy's weak political leadership will fail to address the country's growing, serious fiscal and political problems during this and the next several years."

However, Standard & Poor's said it would not change its AA rating on Italy's long-term foreign debt and the A1 rating on Italy's short-term debt.

Italy is the only member of the Group of Seven leading industrial nations not to receive the agency's top AAA debt rating.

Mr. Dini, who on Wednesday won his second and final vote of confidence in the Senate, or upper house of Parliament, has promised quick action to bring the deficit down.

But despite the confidence votes, Mr. Dini, whose government is the first since World War II not to include any career politicians, has no clear majority in Parliament.

(Reuters, Knight-Ridder, AFX)

Recovery In Germany To Quicken

Compiled by Our Staff From Dispatches

BONN — Economics Minister Günter Rexrodt predicted Wednesday that the German economic recovery would gain speed in 1995 but urged unions and industry to reach wage agreements that promote growth and secure jobs.

"Now is the time to set the stage for leading the economic recovery into lasting economic growth and employment," he said.

In the government's annual economic outlook, Mr. Rexrodt forecast that Germany's gross domestic product would grow 3 percent this year, up from 2.8 percent in 1994, and create 300,000 jobs.

Western German GDP would grow 2.5 percent, up from 2.3 percent, while East German growth would "approach 10 percent," up from 8.9 percent, he said.

Separately, the Economics Ministry said West German industrial output in December rose 7.3 percent from a year earlier, compared with 6.2 percent growth shown in November.

German industry had clearly become more competitive, and unit labor costs had dropped sharply, but deep structural problems must still be resolved to guarantee lasting growth, Mr. Rexrodt said.

In particular, he said he would combat high long-term structural unemployment, lagging modernization in certain industries and high taxation of industry and consumers.

Degussa's Profit Rises

Degussa AG, a German chemicals and metals company, reported a 55 percent rise in first-quarter profit, to 94 million DM, news agencies reported from Frankfurt.

Degussa also predicted the rising trend would continue as cost-cutting pays off and demand for chemicals rises. Sales rose 11 percent, to 3.67 billion DM.

Meanwhile, ASKO Deutsche Kaufhaus AG, a German retailer, said profit for the year to September 1994 fell a larger-than-expected 16 percent, to 361 million DM.

(Reuters, Knight-Ridder, AFX)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3300	2100
2200	3200	2000
2100	3100	1900
2000	3000	1800
1900	2900	1700
1800	2800	1600
1700	2700	1500
1600	2600	1400
1500	2500	1300
1400	2400	1200
1300	2300	1100
1200	2200	1000
1100	2100	900
1000	2000	800
900	1900	700
800	1800	600
700	1700	500
600	1600	400
500	1500	300
400	1400	200
300	1300	100
200	1200	0
100	1100	-100
0	1000	-200
-100	900	-300
-200	800	-400
-300	700	-500
-400	600	-600
-500	500	-700
-600	400	-800
-700	300	-900
-800	200	-1000
-900	100	-1100
-1000	0	-1200

Sources: Reuters, AFP

Very briefly:

- The European Commission will decide in the next few weeks whether to put anti-dumping duties on imports from the United States of soda ash, an important component of glass-making.
- Bulgaria, Romania and the Czech and Slovak republics forged closer links with the European Union through cooperation agreements on trade, education, culture, finance and political dialogue.
- Degussa AG, the German chemical and metals group, said it believed higher prices for silver and other precious metals would be supported by increased demand in the long term.
- Smith New Court Ltd., a British stockbrokerage, said it had taken a 51 percent stake in ITT Investment, an Indian stockbroker, and a 30 percent stake in International Securities Ltd., a brokerage concern in Pakistan.
- Spain's Ministry of Finance said revenues in December fell 16.5 percent, to 1.12 trillion pesetas (\$8.5 billion), from the same month of 1993 because of a drop in tax receipts.
- Banco Español de Crédito, the Spanish bank that is now a unit of Banco de Santander, slashed 1994 losses to 16.88 billion pesetas from a loss of 584.62 billion pesetas in 1993.
- Thomson Consumer Electronics SA has been renamed Thomson Multimedia and will absorb the Thomson Broadcast Systems telecommunications and imaging unit of Thomson-CSF.
- The European Union's trade deficit fell to 3.04 billion European Currency Units (\$2.4 billion) in the first six months of 1994 from 9.3 billion Euros a year earlier.
- Norway's oil industry plans to cut exploration, development and operating costs at its offshore oilfields by 40 percent to 50 percent by 1998 for an estimated savings of 17 billion kroner (\$2.6 billion).
- Britain's Shepperton film studios have been sold for £12 million (\$19 million) to a group of investors led by two British film directors, Ridley and Tony Scott, who are brothers.
- Sandoz Ltd., the Swiss drug and chemicals company, denied it had been approached by Wellcome PLC of Britain as a possible friendly bidder to top a £9 billion (\$14 billion) hostile bid by Britain's Glaxo PLC.

Reuters, AP, AFP, AFX

Rhône's U.S. Arm Posts Rebound In 4th-Period Net

Compiled by Our Staff From Dispatches

PARIS — Rhône-Poulenc Rorer Inc., in a year-end rebound, posted a better-than-expected 51 percent rise in fourth-quarter profit Wednesday and said it expected to grow faster than the overall drug industry in 1995.

The fourth-quarter growth spurt still left Rorer, the maker of such drugs as Dilacor XR for blood pressure treatment, with an 18 percent decline in profit for 1994.

"1994 was a blip, really," said Susan Haylock, an analyst with NatWest Securities Ltd. in London. The latest quarter's profits were "better than our forecast" and bode well for 1995, she said.

Signaling a late-year rebound in its global markets, the 68.34 percent-owned North American arm of France's Rhône-Poulenc SA said fourth-quarter net profit rose to \$163 million, or \$1.22 a share, from \$124 million, or 90 cents a share, a year earlier.

EU Rules Seek to Ensure Quality Phone Service

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission proposed rules on Wednesday to ensure that telephone users across Europe have access to high-quality service, covering itemized billing to pay-phone booths.

The European Union executive body said strict guarantees for consumers were needed as the EU throws open its telecommunications markets to competition in 1998.

The proposals would require national authorities to set quality targets for voice telephone service in areas such as installation time, dial tone delays, repair time, call failure rates and response time from operators.

They would also have to publish clear rate schedules, issue phone directories regularly and install a reasonable number of public pay phones. They would also be asked to work together to ensure that consumers can use a single pay phone card or

dial a toll-free telephone number anywhere in the EU.

"Given that the European telecommunications sector is evolving toward completely free competition in telephone service and infrastructure, it's important to ensure that all users continue to have access to basic telephone service at reasonable prices," the commission said.

The legislation must be approved by the European Parlia-

ment and EU ministers. A Commission spokesman said he expected the legislation to be adopted soon because it was supported by most EU member states and the European Parliament.

Another goal of the legislation is to ensure that competitors to state telecommunications operators can gain access to public phone networks in a nondiscriminatory way.

(Reuters, AP)

UBS Loses Round but Won't Surrender to BK Vision

Compiled by Our Staff From Dispatches

ZURICH — Union Bank of Switzerland's biggest shareholder called on the bank Wednesday to give up its stock-reorganization plan, but UBS refused to abandon its program, despite losing a court ruling.

BK Vision AG, a Swiss holding company that invests in the financial-services industry, said that after a Swiss judge ruled Tuesday that UBS appeared to

have illegally used some votes to get its reorganization plan approved, the bank ought to withdraw the arrangement.

Kurt Schiltknecht, managing director of BK Vision, said that after the publicity about possible misconduct and the court ruling that upheld them, UBS should simply bow out of the battle.

Gertrud Ensmann, a spokeswoman for the bank, said it was "outraged" by BK Vision to call on UBS to repeal the share-

holders' vote. "The board has no possibility to do this when two-thirds of all votes approved the plan," she said. UBS plans to appeal the judge's ruling, she said.

The district judge had responded to a complaint filed by Peter Hafner, a BK Vision director and UBS shareholder, who had asked the court to block the implementation of the share plan so he could challenge its legality.

(Bloomberg, AFX)

Consumer Group Reopens Unilever Soap Controversy

Compiled by Our Staff From Dispatches

LONDON — Lever Brothers Ltd., the detergent subsidiary of Unilever Group, dismissed on Tuesday claims by the British Consumers' Association that the original Persil Power laundry detergent and a reformulated version damage clothes.

The claims, based on a battery of tests, will be published in the association's magazine, "Which?", on Thursday. The article is expected to say that while the reformulated brand of Persil Power does less damage to color clothes, it still fades some fabrics and weakens the material.

The controversial detergent, which is called Ono Power in the rest of Europe, used manganese compounds to accelerate the effects of bleaches used in detergents. Last summer the product caused a media and legal wrangle when Procter & Gamble Co. claimed it literally ate holes in clothes. Unilever sued in the Netherlands, and the two companies settled out of court.

The original Persil Power detergent was introduced last April and was replaced in June by a reformulated product that uses less manganese.

Lever Brothers argued that the magazine did not follow washing directions on the back of packages for Persil Power.

BALLOUT: Help for Speculators

Continued from Page 9

from the central banks who belong to the Bank for International Settlements, and \$3 billion from leading commercial banks.

The knowledge that Mexico has access to such a huge line of credit is expected to reassure foreign investors that cash is available to redeem its short-term debt as it matures. In turn, that should encourage these creditors to reinvest their money and thereby halt the hemorrhage of foreign-exchange reserves, making it unnecessary for Mexico to draw on the bulk of the promised loans.

"We are in a new world," according to Mr. de Vries. Since the Latin American debt crisis in 1982, commercial banks have had little appetite to lend to developing countries. Portfolio investors, on the other hand, have invested huge amounts — estimated at nearly \$155 billion over the past two years — in emerging stock and bond markets.

A better recognition of the risks involved, Mr. de Vries adds, would have a salutary effect on the mania recently seen in those markets.

Willem Buiter of Cambridge University is even more critical. He denounced the bail out as "a gift from the taxpayers to the rich."

"This is not a great incentive for efficient operations of financial markets, because people do not have to weigh carefully risk against return," Mr. Buiter said. "They're given a one-way bet, with the U.S. Treasury and the international

INVEST: Emerging Market Jitters

Continued from Page 9

exchange reserves include China, Indonesia, South Korea and the Philippines.

Mexico's stock market was the worst performer for foreign investors in January, losing 22 percent in dollar terms, despite a surge Tuesday that saw prices rise more than 10 percent. But it was hardly alone.

Stock markets in the Philippines, China, Taiwan, Hong Kong, South Korea, India, Pakistan, Peru, Turkey and Hungary also lost more than 10 percent in January.

To many countries, the change in investors' focus has been baffling. The most successful countries in attracting foreign capital were often running large current-account deficits.

One result has been a tendency to view the enemy as speculators who are betting against the country, either by shorting stocks in it — that is, selling borrowed stocks in hopes their price will decline — or by shorting the country's currency.

Asian central banks held an unusual meeting and said they planned to share information on the identity of speculators betting against their currencies.

The decline in many emerging markets began well before last month, but even with substantial losses in many markets

in 1994, the enthusiasm for the concept of investing in such countries remained high.

Barton M. Biggs, the international strategist for Morgan Stanley Group, said: "I think we are very close to the end of the cyclical bear market."

Historically, the amount of attention that has been given to Mexico often comes when a problem is at its worst, and soon to improve. If that is the case now, emerging markets may be near the bottom.

That will be true if investors are willing to go back to the way they used to think, before they were stunned by Mexico, focusing on possibilities for growth.

The success of President Clinton in putting together a bailout package despite congressional opposition could help to bring about that attitude, at least for a while. Many American investors — those who bought Mexican debt that was denominated in dollars but payable in pesos — seem more likely to emerge whole. Perhaps that will help investors to forget January's terror.

If not, if the month does serve as a reminder of the risks of investing in developing countries, then it could set back the flow of capital to such countries for years to come.

RETAIL: Going It Alone in Japan

Continued from Page 9

reach \$240 million, about one-quarter of its global total.

The company plans to set up 10 outlets each year for the next several years, including the world's biggest record store in Tokyo's trendy Shibuya neighborhood next month.

The eight-floor complex is to cover 50,000 square feet and include a restaurant and bookstore. That would surpass the 38,000-square-foot record now held by an HMV outlet in London.

Mr. Cahoon said HMV is a chain of record stores owned by the U.K. music company Thorn EMI PLC.

In addition to its "supermarket" approach, Tower has succeeded by transplanting its sourcing, distribution, pricing and personnel policies. Where as Tower's Japanese competitors have mostly been smaller outlets whose selection was dictated by local music companies, Tower hired aficionados who stocked music they liked.

The fact that some of them had dyed red hair and pierced noses and had dropped out of high school was not an issue, Mr. Cahoon said.

"Most are still trying to figure out how to cope in the United States, where growth in discount retailing is 15 to 20 percent, compared with 5 to 10 percent in Japan," Mr. Shill said.

NYSE

Wednesday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Visit The Associated Press

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

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12 Month High Low Stock Div Yld PE 100 High Low Last Chg

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

12 Month High Low Stock Div Yld PE 100 High Low Last Chg

Continued on Page 12

NYSE

Wednesday's Closing
Tables include the nationwide prices up to
(the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press)

(Continued)

12 Month	Div	Yld	PE	52	High	Low	Latest	Chg
High Low Stock				Week				
100	1.00	4.00	10.00	100	100	100	100	0
101	1.01	4.01	10.01	101	101	101	101	0
102	1.02	4.02	10.02	102	102	102	102	0
103	1.03	4.03	10.03	103	103	103	103	0
104	1.04	4.04	10.04	104	104	104	104	0
105	1.05	4.05	10.05	105	105	105	105	0
106	1.06	4.06	10.06	106	106	106	106	0
107	1.07	4.07	10.07	107	107	107	107	0
108	1.08	4.08	10.08	108	108	108	108	0
109	1.09	4.09	10.09	109	109	109	109	0
110	1.10	4.10	10.10	110	110	110	110	0
111	1.11	4.11	10.11	111	111	111	111	0
112	1.12	4.12	10.12	112	112	112	112	0
113	1.13	4.13	10.13	113	113	113	113	0
114	1.14	4.14	10.14	114	114	114	114	0
115	1.15	4.15	10.15	115	115	115	115	0
116	1.16	4.16	10.16	116	116	116	116	0
117	1.17	4.17	10.17	117	117	117	117	0
118	1.18	4.18	10.18	118	118	118	118	0
119	1.19	4.19	10.19	119	119	119	119	0
120	1.20	4.20	10.20	120	120	120	120	0
121	1.21	4.21	10.21	121	121	121	121	0
122	1.22	4.22	10.22	122	122	122	122	0
123	1.23	4.23	10.23	123	123	123	123	0
124	1.24	4.24	10.24	124	124	124	124	0
125	1.25	4.25	10.25	125	125	125	125	0
126	1.26	4.26	10.26	126	126	126	126	0
127	1.27	4.27	10.27	127	127	127	127	0
128	1.28	4.28	10.28	128	128	128	128	0
129	1.29	4.29	10.29	129	129	129	129	0
130	1.30	4.30	10.30	130	130	130	130	0
131	1.31	4.31	10.31	131	131	131	131	0
132	1.32	4.32	10.32	132	132	132	132	0
133	1.33	4.33	10.33	133	133	133	133	0
134	1.34	4.34	10.34	134	134	134	134	0
135	1.35	4.35	10.35	135	135	135	135	0
136	1.36	4.36	10.36	136	136	136	136	0
137	1.37	4.37	10.37	137	137	137	137	0
138	1.38	4.38	10.38	138	138	138	138	0
139	1.39	4.39	10.39	139	139	139	139	0
140	1.40	4.40	10.40	140	140	140	140	0
141	1.41	4.41	10.41	141	141	141	141	0
142	1.42	4.42	10.42	142	142	142	142	0
143	1.43	4.43	10.43	143	143	143	143	0
144	1.44	4.44	10.44	144	144	144	144	0
145	1.45	4.45	10.45	145	145	145	145	0
146	1.46	4.46	10.46	146	146	146	146	0
147	1.47	4.47	10.47	147	147	147	147	0
148	1.48	4.48	10.48	148	148	148	148	0
149	1.49	4.49	10.49	149	149	149	149	0
150	1.50	4.50	10.50	150	150	150	150	0
151	1.51	4.51	10.51	151	151	151	151	0
152	1.52	4.52	10.52	152	152	152	152	0
153	1.53	4.53	10.53	153	153	153	153	0
154	1.54	4.54	10.54	154	154	154	154	0
155	1.55	4.55	10.55	155	155	155	155	0
156	1.56	4.56	10.56	156	156	156	156	0
157	1.57	4.57	10.57	157	157	157	157	0
158	1.58	4.58	10.58	158	158	158	158	0
159	1.59	4.59	10.59	159	159	159	159	0
160	1.60	4.60	10.60	160	160	160	160	0
161	1.61	4.61	10.61	161	161	161	161	0
162	1.62	4.62	10.62	162	162	162	162	0
163	1.63	4.63	10.63	163	163	163	163	0
164	1.64	4.64	10.64	164	164	164	164	0
165	1.65	4.65	10.65	165	165	165	165	0
166	1.66	4.66	10.66	166	166	166	166	0
167	1.67	4.67	10.67	167	167	167	167	0
168	1.68	4.68	10.68	168	168	168	168	0
169	1.69	4.69	10.69	169	169	169	169	0
170	1.70	4.70	10.70	170	170	170	170	0
171	1.71	4.71	10.71	171	171	171	171	0
172	1.72	4.72	10.72	172	172	172	172	0
173	1.73	4.73	10.73	173	173	173	173	0
174	1.74	4.74	10.74	174	174	174	174	0
175	1.75	4.75	10.75	175	175	175	175	0
176	1.76	4.76	10.76	176	176	176	176	0
177	1.77	4.77	10.77	177	177	177	177	0
178	1.78	4.78	10.78	178	178	178	178	0
179	1.79	4.79	10.79	179	179	179	179	0
180	1.80	4.80	10.80	180	180	180	180	0
181	1.81	4.81	10.81	181	181	181	181	0
182	1.82	4.82	10.82	182	182	182	182	0
183	1.83	4.83	10.83	183	183	183	183	0
184	1.84	4.84	10.84	184	184	184	184	0
185	1.85	4.85	10.85	185	185	185	185	0
186	1.86	4.86	10.86	186	186	186	186	0
187	1.87	4.87	10.87	187	187	187	187	0
188	1.88	4.88	10.88	188	188	188	188	0
189	1.89	4.89	10.89	189	189	189	189	0
190	1.90	4.90	10.90	190	190	190	190	0
191	1.91	4.91	10.91	191	191	191	191	0
192	1.92	4.92	10.92	192	192	192	192	0
193	1.93	4.93	10.93	193	193	193	193	0
194	1.94	4.94	10.94	194	194	194	194	0
195	1.95	4.95	10.95	195	195	195	195	0
196	1.96	4.96	10.96	196	196	196	196	0
197	1.97	4.97	10.97	197	197	197	197	0
198	1.98	4.98	10.98	198	198	198	198	0
199	1.99	4.99	10.99	199	199	199	199	0
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Tokyo Considers Increasing Taxes To Rebuild Kobe

Compiled by Our Staff From Dispatches
TOKYO — Japan's chief cabinet secretary suggested Wednesday that the government would consider tax increases and other measures to repair the damage caused by the earthquake that devastated Kobe on Jan. 17.

"Prime Minister Murayama and Finance Minister Takeuchi are saying that we should consider various options for revenue resources," Kojo Igarashi said. "Overall, huge expenditures are expected."

Asked whether tax increases were possible, Mr. Igarashi said "every measure" would be explored. Reconstruction costs have been estimated at between \$80 billion and \$130 billion. But statements from several politicians indicated the government still had not decided on a strategy for helping to pay the bill.

A member of the Japan New Party said his colleagues may suggest raising tobacco taxes or canceling income tax cuts planned for 1995 and 1996. But analysts said such measures would be politically difficult before Japan's national elections in April.

Another government source said, "You can't rule out either canceling income tax cuts or even early implementation of the consumption tax hike."

The Japanese government plans to cut income taxes by 2 trillion yen (\$20 billion) in 1995 and 1996 to stimulate the economy but also intends to raise its consumption tax from 3 percent to 5 percent April 1, 1997, as part of an effort to reform the tax structure.

A high-ranking aide in Japan's Liberal Democratic Party said the governing parties were not considering eliminating tax cuts or speeding up the consumption tax increase, but some members of Prime Minister Tomiichi Murayama's Social Democratic Party earlier suggested voiding the tax cuts.

"Most think we can fund it by issuing construction bonds, but at any rate we don't yet have a final estimate from the Hyogo Prefecture and Kobe," the aide said. Kobe is the capital of Hyogo in southwestern Japan.

The death toll from the earthquake stands at 5,102, with 11 people still missing. It is now listed as Japan's deadliest post-war disaster since a typhoon killed 5,098 people in 1959.

While issuing bonds has been mentioned in many quarters as a partial solution to the funding problem, some analysts say that, in Japan, construction bonds are limited by law to financing public infrastructure and could not fund repairing or rebuilding private buildings or other property. This view has led some politicians to suggest issuing more federal debt, an idea said to be unpopular with Finance Ministry officials.

"There may end up being two choices," another government source said. "Spend 10 trillion yen and give up the income tax cuts and raise other taxes, or keep taxes unchanged and limit the amount the central government spends. Some of the burden must be borne by firms, local governments and individuals as well as the central government."

(Reuters, AFP)

Japan Regrets U.S. Ruling on Steel Dumping

The Associated Press

TOKYO — Japan expressed regret Wednesday over a U.S. ruling that Japanese companies are dumping steel products on the American market.

The ruling that Japanese stainless steel bars were being sold at less than fair value was "regrettable," because those products were likely to be shut out of the U.S. market, said Shunji Ito, director of the Ministry of International Trade and Industry.

The U.S. International Trade Commission ruled Tuesday that stainless steel bars from Brazil, India and Japan violated anti-dumping rules. The U.S. Commerce Department will now order duties imposed on the imports.

Mr. Ito said the punitive tariffs on the Japanese products were expected to exceed 60 percent, as the U.S. Commerce Department had said the dumping margin, or reduction below fair value, on those products was 61.47 percent.

Dairy Farm Restocks Its Shelves Hong Kong Food Retailer Seeking Niche Expansion

By Kevin Murphy
International Herald Tribune

HONG KONG — Dairy Farm International Holdings Ltd., the largest food retailer in Asia outside Japan, is hearing complaints from both sides.

Prices for milk and everything else in its many stores have soared, say inflation-weary Hong Kong consumers. And investors are finding the company's sagging short-term growth prospects unpalatable.

But Graeme Seabrook, the Australian drafted into the company's top job 18 months ago, is urging investors to think about the company as its parent, the Jardine Matheson group, does — as a solid long-term play.

"If you look at the positioning of the company and understand where we are putting our money and what we are doing with it, then you've got to agree it's good for the long term," Mr. Seabrook said in a recent interview.

"If you want something that is going to flare up, then fall down again as quickly, don't invest in Dairy Farm," he said.

Disappointing half-year results reported in September — pretax profit was up 5.9 percent from a year earlier, at \$107.8 million — dragged the share price down along with most other local stocks.

Then a decision to follow parent Jardine Matheson Holdings Ltd. and other Jardine Matheson companies in leaving the Hong Kong Stock Exchange to list in Singapore hurt sentiment as well.

In the past year, Dairy Farm shares have fallen from about 14 Hong Kong dollars (\$1.81) to a latest close of 9.40 dollars, rebounding from a low of about 8 dollars on Jan. 3.

Analysts say the recent rally owes more to the company's listing in Singapore, where average price/earnings ratios are higher than in Hong Kong, than to a genuine turnaround in the company.

More lasting gains, they say, will depend on Mr. Seabrook's ability to convince investors that fast growth in new but relatively small markets will, over time, compensate for leaner days in long-established businesses.

"Pressure on margins at nearly every major operating unit is our primary concern with Dairy Farm," a Lehman Brothers analyst, Mun Chan, said in a

recent report. He said earnings growth would slip to about 8 percent over the next three years, which is relatively low for Asia, and that "there's no real end in sight" to the slowdown.

But with roughly \$10 billion in sales in food retailing, manufacturing and wholesaling operations reaching from Scotland and Spain to New Zealand and several high-growth Asian markets, Dairy Farm is well diversified geographically.

It owns fast-food and convenience store chains such as 7-Eleven in Hong

ten used to," Mr. Seabrook said. "A number of our businesses had come to a mature phase at the same time. We're trying to get them moving again, and it does cost a lot."

In Australia, Franklins has made an expensive push into selling fresh foods to enhance its offerings in a fast-changing retail grocery environment.

In Hong Kong, higher rents and labor costs have made it difficult to maintain once fat margins.

And in Shanghai, where the group sought to open as many as 60 stores with a Chinese partner, negotiations have ended without a deal after months of talks. Analysts blame the rocky relationship between Beijing and Jardine Matheson, still Hong Kong's most British trading house, for the impasse.

But in Taiwan, Dairy Farm's Wellcome supermarkets turned a profit in 1993 for the first time in five years of operation. Analysts expect further improvements as major investments in distribution systems and more stores begin to pay off.

Cold Storage in Singapore is growing steadily in a relatively small market and expanding into the Malaysian supermarket business, where changing lifestyles engender growth for packaged goods and processed foods.

Moreover, the boomtown of Shenzhen in southern China now boasts 207-Eleven stores. An agreement to establish grocery stores in teaming Guangzhou is "close," according to Mr. Seabrook. And an ice cream and dairy products manufacturing joint venture with Nestlé SA, the Swiss food company, has several factories in China and more under negotiation.

The key to extracting the most from this far-flung empire, according to Mr. Seabrook, is strengthening regional management teams and looking for good ideas in individual markets that will travel well to other parts of the group.

"We are now looking for greater synergies than we had in the past, to try and get the guys together and to get people moving around," said Mr. Seabrook. "It's still in the embryonic stages, but it will be a major strength of the company for the longer term."

The company hopes rapid growth in new, relatively small markets eventually will make up for leaner times elsewhere.

Kong and various kinds of retail food stores throughout southern China, Singapore, Taiwan and Malaysia.

The company is also examining Thailand and Indonesia for further expansion, which would probably be handled through its Singapore-based Cold Storage Holdings, acquired in 1993.

In the meantime, however, Dairy Farm's earnings base still depends heavily on mature markets where competition is increasingly intense.

Earnings before tax and interest at the company's Franklins discount grocery store chain in Australia and its 29 percent-owned associate Kwit Save Group PLC in Britain combined with core Hong Kong businesses to contribute 83 percent of group earnings, or \$270 million, in 1993.

A Salomon Brothers analyst, Kent Chan, said he expected that proportion to fall to 85 percent by the end of this year. Dairy Farm investors will be waiting a while for new operations in Asia to turn the region's strong economic growth into bottom-line gains for the company.

"We've said we'd have a few years with growth flatter than people had got-

U.S. Dusts Off Trade Weapons in Piracy Showdown

Reuters

SHANGHAI — The United States is preparing for war — not to defend democracy, but to protect Madonna, Microsoft Corp. and Walt Disney Co. from Chinese pirates.

Trade hostilities between the United States and China could break out Saturday, as Mickey Kantor, the U.S. trade representative, has told Beijing it must offer an acceptable solution to the problem of intellectual-property piracy by then or face 100 percent tariffs on \$1 billion of its exports.

China has warned it will retaliate in kind if Washington goes ahead with the tariffs. If the first "shots" are ever fired, they will reverberate around the Pacific Rim. Hong Kong, for example, has said 3,800 jobs could be lost if a U.S.-Chinese trade war erupts.

Hong Kong companies, like many from Taiwan, Singapore,

South Korea and Thailand, have invested heavily in China's export industries.

U.S. tariff barriers would hurt China as badly as pirated goods damage U.S. media and information industries. Those industries claim they lose an annual \$827 million in sales to Chinese-made counterfeit goods.

"The door is open," a U.S. Embassy spokesman in Beijing said after U.S. negotiators left the Chinese capital over the weekend without an agreement.

The spokesman was referring to Mr. Kantor's invitation to Beijing to send negotiators to Washington for 11th-hour talks to try to come up with a solution. So far Beijing has failed to respond.

Washington has picked its battle ground with care. Although other U.S. industries,

such as pharmaceuticals, also complain their goods are being copied by Chinese companies, in this dispute it is easier to make a case for Madonna than for medicines.

Chinese-made counterfeit copies of the pop star's compact disks and tapes are hawked shamelessly in China and exported all over the world. Scientific fraud is harder to define and prove.

Washington has drawn up a list of 29 compact-disk factories that it wants to see either closed or more closely regulated.

Not all these factories churn out fakes. Some are joint ventures with reputable companies; others are backed by the Chinese military. But all have the technology to produce counterfeits that are as good as the real thing.

So far, the argument has boiled down to this: China says it must be given time to solve the problem through its courts; the United States says it is fed up with waiting.

Rumbles of trade war have been heard before from Washington. But although the United States has often threatened trade sanctions under Section 301 of its trade law, it has yet to follow through.

In Asia, Section 301 disputes with countries such as Japan and Taiwan have always been defused.

The last big trade tussle between Washington and Beijing — over whether China's most-favored-nation trade status was to be renewed despite what Washington saw as a bad record on human rights — ended with a victory for Beijing.

China to Lower Bond Yields

Bloomberg Business News

SHANGHAI — China's deputy prime minister, Zhu Rongji, said Beijing would try to cool the feverish trading in its bond futures by reducing the yields on state bonds in the next few months, the official Chinese Business Times reported Wednesday.

Mr. Zhu said the government would begin to drop special inflation premiums from the yields of treasury bonds, the newspaper said.

He said the premiums were fueling speculation in bond futures and that continued speculation could lead to losses of state assets. Beijing sold more than \$10 billion of bonds last year.

China to Let Pension Funds Diversify Into Stocks

Bloomberg Business News

SHANGHAI — China's central bank will allow pension funds to invest in Chinese stocks, the official China Business Times reported Wednesday.

The decision by the People's Bank of China could add 3 billion yuan (\$352 million) to China's two stock exchanges, or 1 percent of total market capitalization.

The central bank said pension funds could invest 10 percent of their total assets of 30 billion yuan in Class A shares listed on Chinese stock exchanges.

Chinese stock markets trade two kinds of shares: Class A, which can only be traded by Chinese people, and Class B, which are reserved for foreigners.

Until now Chinese pension funds have been allowed to invest only in high-yielding state treasury bonds, which the government has pushed as a way of raising cash without adding to inflation that is currently running at 24 percent.

Trading in treasury bonds has exploded in recent months, however, largely on the strength of speculation in bond futures.

The decision to allow pension funds to diversify was seen as an indication that the government had succeeded in stimulating investor interest in treasury bonds.

Pension funds will still be required to invest most of their assets in treasury bonds, the newspaper said.

China's four-year-old securities industry has been criticized by regulators for lax supervision. There is no body of national securities law and no regulation against insider trading.

Singapore Is Endorsed As WTO Conference Site

The Associated Press

SINGAPORE — Singapore has been overwhelmingly endorsed as the site for the World Trade Organization's first ministerial conference, which is to be held by December 1996.

Delegations from Asia, Latin America and Europe at the WTO's general council in Geneva agreed Tuesday that the conference to review progress in liberalizing global commerce should be held by one of the "Asian tigers," as some of the region's booming economies are known.

Singapore offered to host the first WTO meeting during the signing of the Uruguay Round trade accords in Marrakesh, Morocco, in April. But the United States later expressed opposition to Singapore's bid during the two countries' dispute over the lashing of an American teenager, Michael P. Fay, for vandalizing property in Singapore.

"The United States believes the trade ministerial meeting ought to be held somewhere else," the U.S. trade representative, Mickey Kantor, said in May.

Singapore expressed regret over Mr. Kantor's remarks, and the Ministry of Foreign Affairs said it would press its bid to hold the conference.

But the new U.S. ambassador to Singapore, Timothy A. Chabot, said when he arrived in September "that for cost-containment reasons" Washington favored holding major meetings of international bodies in the cities where they are headquartered. The trade organization is to remain in Geneva.

The United States, however, raised no objection at Tuesday's meeting in Geneva, according to delegates present.

Far East Bank Shares Rise 13% in Philippines

Reuters

MANILA — Far East Bank & Trust Co. jumped nearly 13 percent Tuesday, to 880 pesos (\$36), on the Philippine Stock Exchange after a single trade of 34,000 shares, brokers said.

Philippine American Life Insurance Co. has reportedly expressed interest in acquiring a 5.75 percent stake in the bank.

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Herald Tribune

Wednesday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded National Market securities in terms of dollar value. It is updated twice a year.

This list compiled by the AP, consists of the 1,000 most traded National Market securities in terms of dollar value. It is updated twice a year.

[illegible]

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

[illegible][illegible]

SPORTS

Basketball Wriggles Under the Antics of 'the New Barbarians'

By Ira Berkow
New York Times Service

NEW YORK — Some have called them "Petulant Prima Donnas." They like to call themselves "The New Breed." And maybe they're nothing more than a version of an old tag known as "The New Barbarians."

They are the handful-plus in the National Basketball Association who have created waves for management, made coaches nauseated, disgusted some old-timers — and even teammates — and given many fans a sour taste about the state of the game.

They whine about the coach, they throw tantrums as well as chairs, they are recalcitrant about practice. Among them are Derrick Coleman and Isaiah Rider and Scottie Pippen and Christian Laettner and Dennis Rodman and Chris Webber.

Vantage Point



Jalen Rose, the Denver rookie, recently joined the club when he blasted his coach, Dan Issel, during a time-out last month and said he would play any way he felt.

It wasn't long after that that Issel retired as coach. And while he did not cite Rose as a reason, the belief is that the Roses of the world hastened his departure.

A coach on a recent pro all-star team met one of these players for the first time at a practice and said, "I hadn't known him for five minutes and I couldn't stand him."

Some believe, as the name of a recent rap video by Deion Sanders explained, "It Must Be the Money." After all, to co-opt an 18th-century line, they are rich beyond the dreams of avarice. The current Sports Illustrated article, which labeled these players prima donnas, also speculated that the discipline problems mirror those of society, finding their kernel in the breakdown of the American family, more or less.

But young people with questionable man-

ners, in sports or out, are not a recent phenomenon. Senator Daniel Patrick Moynihan once described what he called "the new barbarians."

"I remember reading some statistics from a Princeton demographer," the senator told me. "He said that every society throughout history has been invaded by barbarians. Even The Barbarians were invaded by barbarians. He called that age group from 14 to 24 the barbarians. They are people who don't know how to behave in society. And the older generations must go through a process of teaching them. The Chinese, the Germans, the Hindus, the Romans, the Huns."

"So the problems for a society are either increased or decreased depending on the number of so-called barbarians."

AND WHILE BARBARIANS might be a too strong a word for the general public in this regard, some coaches in fact call them worse. And shockingly enough, sometimes those perceived as barbarians — or at least

the impudent young — may be correct in their attitudes. Magic Johnson, for example, as a second-year player with the Lakers, clashed with their coach, Paul Westhead, over basketball philosophy, and Johnson not only prevailed, but was proved right, too.

I have questions about the Webber-Don Nelson conflict that resulted in Webber's being traded from Golden State to Washington, and Nelson, the coach, winding up in the hospital with, among other things, a throbbing headache. Webber, who comes from a tight-knit family background, sounded sincere and not like a jerk when he said the coach didn't respect him. Coaches must always be adapting, too.

Invariably, though, when there is a problem, it comes from the top. "I don't blame Rodman, or any of the others," Oscar Robertson said recently. "I blame management. They've let those guys get away with all kinds of stuff."

Frank Layden, the former coach and current president of the Utah Jazz, wonders if it didn't all start with the NBA promoting "The Bad Boy" image of the Detroit Pistons a few years ago. "Then the University of Michigan players, who were down the road, picked it up — the trash talking, the sloppy uniforms, all that in-your-face stuff — and they have influenced an entire generation of young players."

Get rid of them, or don't sign them, Layden advises. "I think the fans would understand," he said.

I think Layden is right and he is wrong. He is right that such action is a way to root out basketball barbarians. He is wrong that fans would embrace it.

When, for example, Pippen returned to the lineup Sunday after his one-game suspension for acting like a goof, many in the home crowd at Chicago's United Center gave him a warm ovation.

Makes one want to extend the definition of barbarians.

Negotiations Resumed in Baseball

Compiled by Our Staff From Dispatches

WASHINGTON — Negotiations between the owners of the major league baseball teams and their striking players were resumed Wednesday after a 40-day break, with a new proposal made by the owners.

"We think it's significant and we hope it will lead to a settlement," said the Atlanta Braves' president, Stan Kasten.

One owner, however, told a union member that he doubted it was anything the players would find acceptable.

The sides hadn't met since Dec. 22, the day before the owners implemented their salary cap. President Bill Clinton said Thursday the sides should resume bargaining, and threatened to ask his special mediator, W.J. Utery, to present his own solution if an agreement wasn't reached by Monday.

But an overwhelming majority of Americans want President Clinton and Congress to let the owners and players work out an agreement by themselves, according to a Washington Post-ABC News Poll.

The survey also suggested that the owners are winning the battle for public support.

A majority of those surveyed said the players make too much money, agreed with the owners that a limit or "cap" on team payrolls was necessary, and supported the use of replacement players if the strike is not settled before the regular season is to start in April.

Forty-eight percent of those interviewed said they supported the owners, while 27 percent said they backed the players.

Pro-owner sentiment was even stronger among those who described themselves as baseball fans: more than half, 55 percent, backed the owners; 28 percent said they supported the players. (AP, WP)

Hornets and Spurs Lift Records to 11-4

The Associated Press

For the Charlotte Hornets and San Antonio Spurs, it was a month to remember. For the Golden State Warriors, it was one to forget.

A 97-88 victory over Washington on Tuesday night gave the Hornets an 11-4 record in January, the best month since the basketball franchise started play in 1988. The previous best was 10-4 last April.

And with a 97-96 victory in

The strategy succeeded, and Golden State stayed in the game until a 3-point shot by Derek Harper with 23 seconds to go gave the Knicks the upper hand.

Hornets 97, Bulls 88: Bogues led a balanced attack with 20 points in Charlotte's victory. The visiting Bulls missed 18 of 24 3-point attempts.

Spurs 97, Kings 96: Dennis Rodman tipped in the rebound of David Robinson's miss with 5 seconds left, giving San Antonio its fourth straight victory.

Rodman, who had 10 of his 19 rebounds in the first quarter, finished with six points. Robinson led the Spurs with 23, and Sean Elliott added 19.

The Spurs have won 19 of 24. Mitch Richmond tied his season high with 33 points for Sacramento, which won its five previous games at home.

Rockets 86, Nuggets 74: Hakeem Olajuwon's 25 points and 13 rebounds helped Houston send Denver to its 10th road loss in 11 games.

The Nuggets didn't score in the final 4:26 of the first quarter and ran into another dry spell in the first 3:01 of the third period.

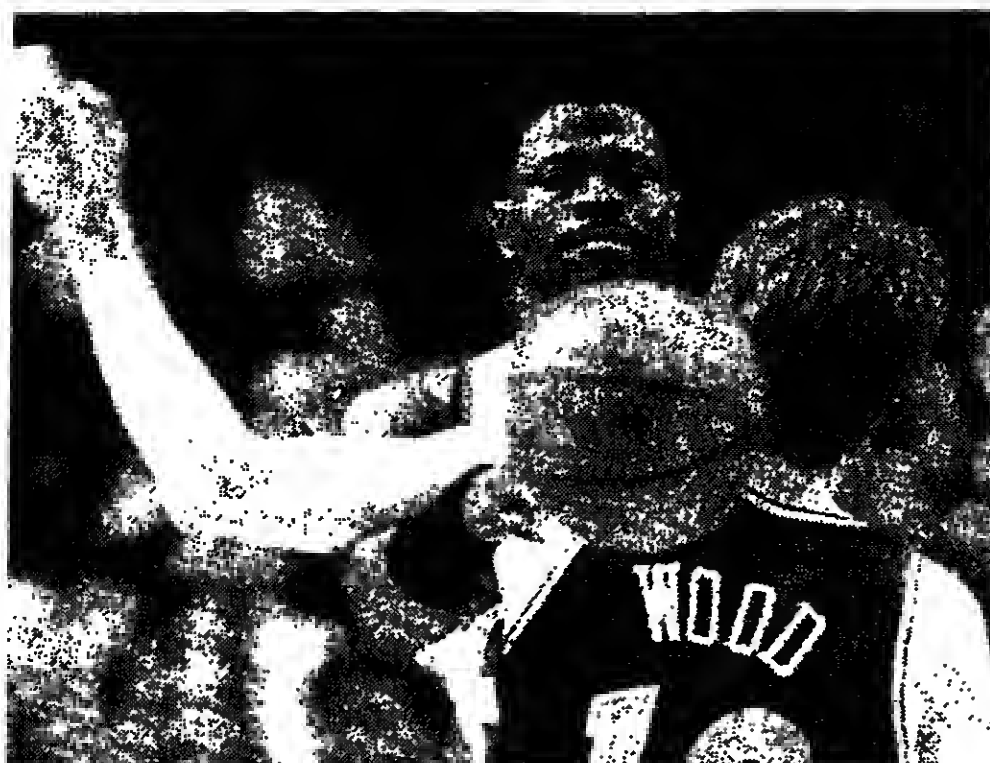
Bulls 119, Lakers 115: Chicago made its first 10 shots of the second half to rally past Los Angeles, which lost for just the third time in 16 games at home in the Forum.

Scottie Pippen led the Bulls with 34 points and 13 rebounds. B.J. Armstrong added 25 points, and Toni Kukoc had 22 on 8-for-11 shooting.

Nick Van Exel, who led the Lakers with 27 points, also tied a career high with 16 assists.

Bucks 107, Mavericks 105: Vin Baker had 20 points, and his 3-pointer with 2.5 seconds left gave Milwaukee a victory over Dallas.

Glenn Robinson, the top pick in last summer's draft, scored a season-high 38 points as the Bucks sent the visiting Mavericks to their eighth straight loss.



Patrick Ewing sneaked a pass by David Wood as the Knicks sneaked by the Warriors, 90-87.

6 First-Timers Among NBA All-Stars

The Associated Press

NEW YORK — Six players, five from the Eastern Conference, will make their All-Star debut in this month's game in Phoenix, Arizona.

Dana Barros of Philadelphia, Cleveland's Tyrone Hill, Vin Baker of Milwaukee, Orlando's Anfernee Hardaway and Grant Hill of Detroit will appear for the first time at an All-Star game. Cedric Ceballos of the Los Angeles Lakers will suit up for the West in his first trip to the midseason showcase, which will be played Feb. 12.

"It's kind of like the icing on the cake," said Ceballos, a forward in his first year with the Lakers and his fifth year in the league. "I get to eat the cake and then I get to have the Phoenix Suns' icing on it."

Ceballos was traded from Phoenix to the Lakers prior to this season. Phoenix will be represented at the game by the Suns coach, Paul Westphal, and by

Charles Barkley and Dan Majerle.

"It's pretty nice — especially going back to Phoenix," Ceballos said. "At least I'll know where to go when I get there. It's a nice storybook that I'm reading now — to go back to Phoenix to play in the All-Star game with Westphal and Majerle and Charles on the same squad again."

Barros and Tyrone Hill were selected by the East coaches although their names did not appear on the fans' ballot.

"Obviously, it's a great thrill for me," Barros said. "It's a big surprise because coming into this year, I had no idea what I would be doing for this team, let alone how well I would or would not play."

Grant Hill, a rookie, and Hardaway, a second-year guard, will be starters for the East in their All-Star debuts.

Other reserves named Tuesday for the Eastern Conference were Patrick Ewing of New

York, Alonzo Mourning and Larry Johnson of Charlotte and Joe Dumars of Detroit.

Besides Ceballos, Karl Malone and John Stockton of Utah were picked for the Western Conference team, along with Seattle's Gary Payton and Detroit's Schmepp, San Antonio's David Robinson and Mitch Richmond of Sacramento.

The reserves were selected by the NBA head coaches. The starters were selected in fan balloting and were announced last week.

Picked as West starters were Barkley and Shawn Kemp of Seattle at forward, Hakeem Olajuwon of Houston at center, and Latrell Sprewell of Golden State and Majerle at guard.

Voted to the East starting team were Grant Hill and Scottie Pippen of Chicago at forward, center Shaquille O'Neal of Orlando, and Hardaway and Reggie Miller of Indiana at guard.

No. 3 Kansas Rallies Behind Irate Coach

The Associated Press

Roy Williams got angry, then Kansas got going.

Upset by the way Jayhawks were playing against Colorado, the normally calm Kansas coach delivered a stern halftime lecture Tuesday night. His third-ranked team responded with a 10-1 run and went on to beat the visiting Buffaloes, 99-77.

"I told them we were posting up like third-graders, not being very aggressive, walking down the court," Williams said. "That's not how we're supposed to play, that's not Kansas basketball."

"We had already talked in the locker room before coach got there," said Sean Pearson, who led Kansas with 16 points. "Coach got in, said what he wanted to say, and we went out and did it."

Williams was worried about a letdown after the Jayhawks' easy weekend victory over No. 4 Connecticut. His concern grew in the first half, when Kansas committed 11 turnovers and struggled to a 4-point lead.

But 3-pointers by Jerod Haase and Billy Thomas helped the Jayhawks take command early in the second half.

"They can turn a game around in seconds," Colorado's coach, Joe Harrington, said.

Thomas, a freshman, scored a career-high 15 points as Kansas beat Colorado for the 18th time in 19 meetings.

The Jayhawks held Colorado to 39 percent shooting, continuing their season-long streak of holding opponents under 50 percent.

Donnie Boyce scored 21 points for Colorado. The Buffs' center, Ted Allen, played with a broken bone in his right wrist and scored only 12 points.

No. 4 Connecticut 82, Miami 57: Ray Allen made a school-record eight 3-pointers as Connecticut bounced back from its first loss of the season.

Allen was 8-for-12 from long range and finished with 25

points for the Huskies, who set a school-record with 13 3-point baskets. The Huskies were 3 for 18 from long range in the 88-59 loss to Kansas on Saturday but 13 for 36 against Miami.

UConn extended its home winning streak to 26 and won its 14th straight regular-season game.

COLLEGE HIGHLIGHTS

Big East game, tying the record set by St. John's in 1984-85.

No. 8 Arkansas 105, LSU 81: Both teams lost key players to injuries.

LSU's Randy Livingston, who leads the nation in assists, injured his right kneecap in the first half. Arkansas' Dwight Stewart, who has started 66 games the past three years, left with a sprained right knee early in the second half.

"We were playing with them until Randy Livingston went down," LSU coach Dale Brown said. "That was as big a blow as we could have had. I had tears in my eyes when he went down."

Shanahan Leaves the 49ers For 7-Year Deal in Denver

The Associated Press

DENVER — Mike Shanahan, the San Francisco 49ers' offensive coordinator, has signed a seven-year contract with the Denver Broncos as their head coach.

Some 48 hours after the 49ers routed San Diego, 49-26, in the Super Bowl, Shanahan agreed to terms Tuesday night with the Broncos' owner, Pat Bowlen, on a deal that is believed to be worth more than \$7 million.

"Deep down inside me, I always wanted this job," said Shanahan, 42, who served for seven seasons as a Denver assistant and succeeds the fired Wade Phillips.

Bowlen attempted to hire Shanahan two years ago to succeed Dan Reeves. When they couldn't agree on a contract, Bowlen turned to Phillips, whose 16-17 record in two seasons led to his dismissal on Dec. 29.

John Elway, the Broncos' quarterback, said he was willing to restructure his contract to help the club sign key free agents.

Elway, in Hawaii for Sunday's Pro Bowl, has two years left on a four-year deal for \$19.3 million.

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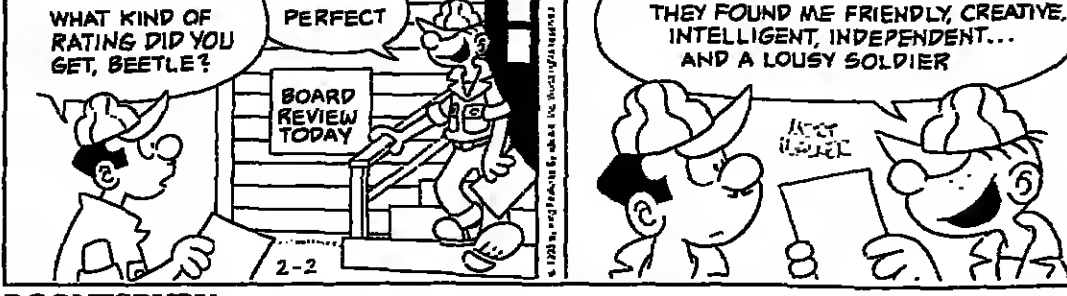
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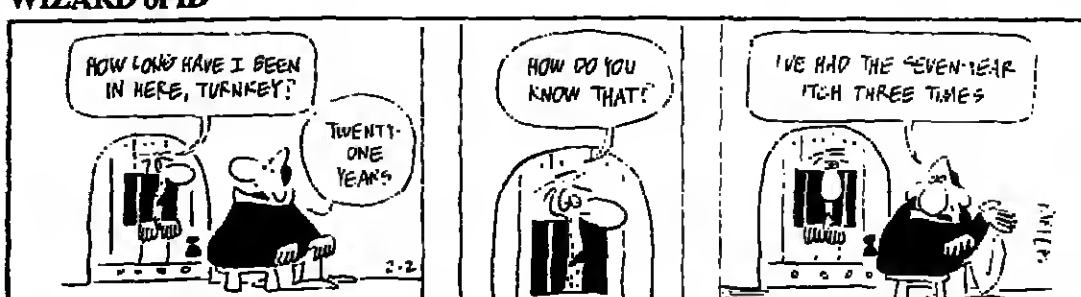
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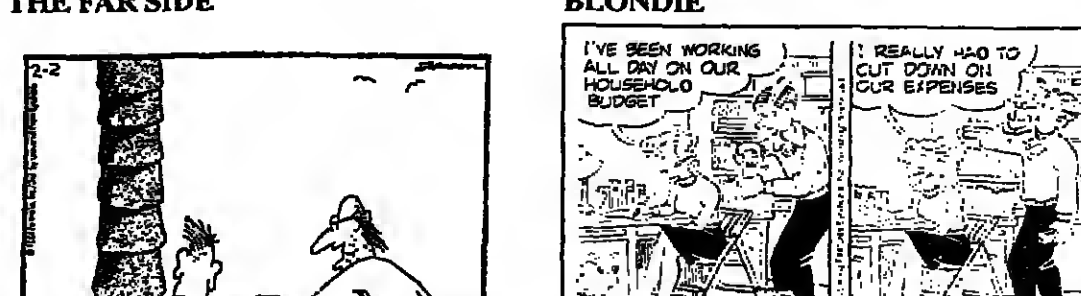
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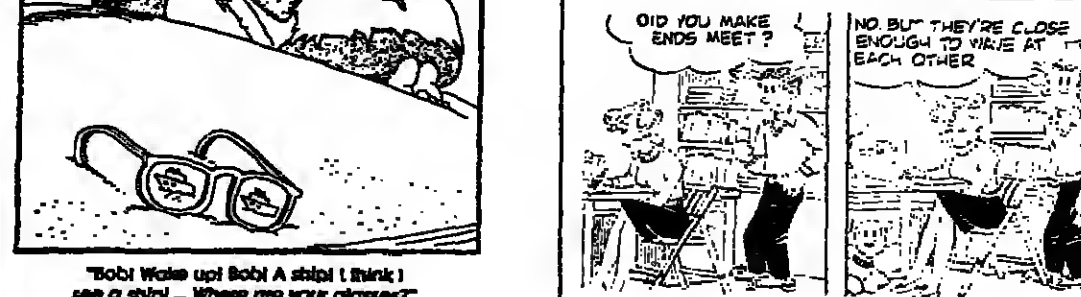
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SPORTS

Maradona Lives
Down to Image

Agence France-Press
BUENOS AIRES — Diego Maradona, Eric Cantona's hero, has upstaged the fiery Frenchman, joining his players in a street brawl against rival fans.
 Maradona, now the manager of Racing, was first ordered off the touchline after insulting the referee, Francisco Lamolina, during Monday night's friendly match against Independiente.
 "Referees just want to be in the limelight and make the front pages of the newspapers," Maradona said later.
 After the match in Mendoza, Maradona and his players were involved in a brawl with Independiente supporters, one of whom needed hospital treatment.
 Cantona, who attacked a fan last week, hailed Maradona as his hero on French television in January.

Gaining Empathy for Tomba From Cantona's Tantrum

By Ian Thomsen
International Herald Tribune
LONDON — There are two ways at least of reacting to the disappointment of Alberto Tomba, who likely would have consumed his potential this week with a long-sought gold medal at the World Championships.
 You could decide that it's all about money, and oo oo oo.
 You could decide that it's all about pity. Who cares if the business of his career ends without a World Championship? Grow up.
 Or you might wave away that argument and concentrate on the achievements. Every performer goes through stages, and Tomba, at 28 near the end, seemed to be having one last go at the one missing piece of gold, symbolic gold.
 He had won all seven World Cup slaloms this season and two of the four giant slaloms. The World Championships were

going to be a celebration of him, more important than any of the exhibitions or award ceremonies which will come in later years: A rare chance to celebrate a champion at his sentimental best. Even those who believe it's all about money might have been cheering him on.
 "I certainly can't say I've had good luck with the World Championships," Tomba said after the event was postponed until February 1996 because of the death of snow in Sierra Nevada, Spain. "This year, with the form I'm in, it could really have been a good time. I felt like I could have won a medal. I'm very upset."
 It's the richest performers like Tomba who, ironically, do the most to take our minds away from the influence of money on sport. Of course he fell in love with skiing before there was ever any money in it for him. Then, probably, he found himself performing for the money, weighing his effort against the income, deciding whether the hard work was worth his

We can only guess. If so, it explains the disaster of a few years ago, when the public adoration turned against him because he suddenly was losing. You don't hear Tomba complain about his fans: They're crazy, they purport mixed-up values, but from their emotional kaleidoscope a true star can find sanity. Tomba went back to work and now he works hard because that is his responsibility.
 In soccer, the rival to Tomba really should have been Eric Cantona. He is strong and charismatic and brilliant, but last week the two of them were rivals in their misery. Cantona was undone by a different set of pressures. Tomba doesn't train with teammates, and he performs alone, never tackled from behind. Cantona might have been suited better for that.
 There's no point in rationalizing Cantona's blind desire to attack a fan last week in London. A lot is being made of a player who might hardly be remembered two generations from now. He was never going to be great.

Talent is another thing entirely. No one in England or in his native France can match Cantona for talent, but, ultimately, he is like those fast horses who break down before extending themselves from race to race. He is Arazi; if you remember Arazi. He is Hal Sutton, the U.S. champion who was going to dominate world golf a dozen years ago. Perhaps you've forgotten Hal Sutton.
 A SENSATIONAL as has been Cantona's play, nothing can or will match the sensation of his outrageous attack. They may recall him where he played, but elsewhere he will become that mad Frenchman and, in 20 years, after more stars have come and gone, it will be no easy thing to make a convincing argument of his skill.
 In the meantime, people talk about returning Cantona to Manchester United in time for a European run next season, but no one is willing to discuss his most glaring need. He needs counseling. Maybe that's

an American panacea, but more obvious than his talent is the fact that Cantona cannot handle the pressures. Drunks don't just stop drinking. In the "Pulp Fiction" of Western society, he is a hero because he has produced more tantrums than trophies.
 So the big story last week was Cantona, but it should have been Tomba. Cantona's fame will be short-lived. Better to concentrate on those who endure. Now I hope that Tomba will continue to win through next season, to finish his career with the World Championships. For a while there I was cynical about him as a money-making machine. Money and self-promotion have always seemed the goal for Tomba. Then Eric Cantona made me realize how easily Tomba might have collapsed a few years ago. If the main goal were just money, then Cantona would never have risked his income as he did last week. Money and fame are the influences that drive one man crazy and another to modern greatness.

Grand Prix
Races Are
Rescheduled

Compiled by Our Staff From Dispatches
PARIS — The Pacific Grand Prix, scheduled for April 16 in Aida, Japan, was postponed Wednesday because of the recent earthquake, and a new 1995 Formula One calendar was issued.

Although the Aida track suffered no damage, the bullet-train lines serving the site were damaged. Railway officials said it will take four to five months to get the lines fixed, and the race was rescheduled for Oct. 22 — a week before the Japanese Grand Prix at Suzuka.

Under the schedule released Wednesday by world motor sport's governing body, FIA, the Argentine Grand Prix, originally scheduled as the first race of the season on March 12, will be postponed to April 9.

The season instead will open March 26 with the Brazilian Grand Prix, although both South American races still depend on final approval of the tracks after safety inspections.

Officials were scheduled to inspect the Buenos Aires circuit Thursday and Friday to determine whether it met international standards.

The San Marino Grand Prix on April 30 and the Italian Grand Prix at Monza on Sept. 10 also are subject to track approval.

The 1995 Formula One calendar issued Wednesday:

March 26 — Brazilian Grand Prix, Interlagos, Sao Paulo
 April 9 — Argentine Grand Prix, Buenos Aires
 April 30 — San Marino Grand Prix, Imola, Italy
 May 14 — Spanish Grand Prix, Barcelona
 May 28 — Monaco Grand Prix, Monte Carlo
 June 11 — Canadian Grand Prix, Montreal
 July 2 — French Grand Prix, Magny-Cours
 July 16 — British Grand Prix, Silverstone
 July 30 — German Grand Prix, Hockenheim
 Aug. 13 — Hungarian Grand Prix, Budapest (reserve race)
 Aug. 27 — Belgian Grand Prix, Spa-Francorchamps
 Sept. 10 — Italian Grand Prix, Monza
 Sept. 24 — Portuguese Grand Prix, Estoril
 Oct. 1 — European Grand Prix, Nurburgring, Germany
 Oct. 22 — Pacific Grand Prix, Aida, Japan
 Oct. 29 — Japanese Grand Prix, Suzuka
 Nov. 12 — Australian Grand Prix, Adelaide
 *subject to circuit approval
 *subject to final confirmation by Japanese Motor Vehicle Federation.

(AP, Reuters)



PASSING SHOTS — Michael Stich (left) and Boris Becker were still going their own ways Wednesday at practice in Karlsruhe for Germany's Davis Cup matches against Croatia. The World Group competition gets underway on Friday.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
Orlando	35	5	.875
New York	29	11	.725
Boston	24	16	.600
New Jersey	17	23	.425
Atlanta	14	26	.350
Philadelphia	13	27	.325
Washington	11	29	.275
CENTRAL DIVISION			
Charlotte	27	15	.643
Cleveland	24	18	.571
Indiana	24	18	.571
Houston	22	20	.524
Atlanta	19	24	.441
Memphis	17	26	.395
Detroit	14	29	.326
WESTERN CONFERENCE			
Team	W	L	Pct.
Utah	33	10	.767
San Antonio	28	15	.652
Phoenix	27	16	.625
Portland	26	17	.605
Golden State	22	21	.512
LA Clippers	17	26	.395

TUESDAY'S RESULTS

Golden State 98, Portland 90
 New York 101, Boston 95
 Orlando 101, Washington 82
 H. Wayne 93-91, Kansas 92-82, R. Edwards-Golden State 92 (Alexander 11), New

NBA All-Star Game Rosters

EASTERN CONFERENCE
 Starters
 Grant Hill, F, Detroit
 Scottie Pippen, F, Chicago
 Shaquille O'Neal, C, Orlando

SOUTH			
Team	W	L	Pct.
Atlanta	31	11	.738
Orlando	29	13	.688
Charlotte	25	17	.595
Washington	23	19	.548
San Antonio	22	20	.524
Phoenix	21	21	.500
Portland	20	22	.476
LA Lakers	19	23	.452
LA Clippers	18	24	.429
Golden State	17	25	.405
Utah	16	26	.381
San Diego	15	27	.357
San Jose	14	28	.333
Seattle	13	29	.310
Minnesota	12	30	.286
Denver	11	31	.262
San Francisco	10	32	.238
Phoenix	9	33	.214
Los Angeles	8	34	.190
San Diego	7	35	.167
San Jose	6	36	.143
Seattle	5	37	.119
Minnesota	4	38	.095
Denver	3	39	.071
San Francisco	2	40	.048
Phoenix	1	41	.024
Los Angeles	0	42	.000

Top 25 College Results

New the top 25 teams in the Associated Press' college basketball poll were:
 1. Kentucky (19-2-1) beat Colorado (10-7-1)
 2. Duke (18-2-1) beat North Carolina (10-7-1)
 3. Kansas (17-3-1) beat Texas (10-7-1)
 4. North Carolina (16-4-1) beat Duke (10-7-1)
 5. Duke (15-5-1) beat Kansas (10-7-1)
 6. Kentucky (14-6-1) beat North Carolina (10-7-1)
 7. Texas (13-7-1) beat Duke (10-7-1)
 8. Kansas (12-8-1) beat Kentucky (10-7-1)
 9. North Carolina (11-9-1) beat Texas (10-7-1)
 10. Duke (10-10-1) beat Kansas (10-7-1)
 11. Kentucky (9-11-1) beat North Carolina (10-7-1)
 12. Texas (8-12-1) beat Duke (10-7-1)
 13. Kansas (7-13-1) beat Kentucky (10-7-1)
 14. North Carolina (6-14-1) beat Texas (10-7-1)
 15. Duke (5-15-1) beat Kansas (10-7-1)
 16. Kentucky (4-16-1) beat North Carolina (10-7-1)
 17. Texas (3-17-1) beat Duke (10-7-1)
 18. Kansas (2-18-1) beat Kentucky (10-7-1)
 19. North Carolina (1-19-1) beat Texas (10-7-1)
 20. Duke (0-20-1) beat Kansas (10-7-1)

Other Major College Scores

EAST
 Boston College 74, Pittsburgh 69
 Colgate 89, Niagara 75
 Wake Forest 71, Dartmouth 68
 New Hampshire 73, Harvard 64
 Rider 77, Fairfield 66
 St. Francis, N.Y. 77, Yale 77

SOUTH

Team	W	L	Pct.
Atlanta	31	11	.738
Orlando	29	13	.688
Charlotte	25	17	.595
Washington	23	19	.548
San Antonio	22	20	.524
Phoenix	21	21	.500
Portland	20	22	.476
LA Lakers	19	23	.452
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Golden State	17	25	.405
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San Francisco	10	32	.238
Phoenix	9	33	.214
Los Angeles	8	34	.190
San Diego	7	35	.167
San Jose	6	36	.143
Seattle	5	37	.119
Minnesota	4	38	.095
Denver	3	39	.071
San Francisco	2	40	.048
Phoenix	1	41	.024
Los Angeles	0	42	.000

SOUTHWEST

Team	W	L	Pct.
Atlanta	31	11	.738
Orlando	29	13	.688
Charlotte	25	17	.595
Washington	23	19	.548
San Antonio	22	20	.524
Phoenix	21	21	.500
Portland	20	22	.476
LA Lakers	19	23	.452
LA Clippers	18	24	.429
Golden State	17	25	.405
Utah	16	26	.381
San Diego	15	27	.357
San Jose	14	28	.333
Seattle	13	29	.310
Minnesota	12	30	.286
Denver	11	31	.262
San Francisco	10	32	.238
Phoenix	9	33	.214
Los Angeles	8	34	.190
San Diego	7	35	.167
San Jose	6	36	.143
Seattle	5	37	.119
Minnesota	4	38	.095
Denver	3	39	.071
San Francisco	2	40	.048
Phoenix	1	41	.024
Los Angeles	0	42	.000

NHL Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
N.Y. Islanders	31	11	.738
Florida	29	13	.688
Tampa Bay	25	17	.595
Philadelphia	23	19	.548
N.Y. Rangers	22	20	.524
New Jersey	21	21	.500
Washington	20	22	.476
Pittsburgh	19	23	.452
Quebec	18	24	.429
Boston	17	25	.405
Montreal	16	26	.381
St. Louis	15	27	.357
Chicago	14	28	.333
Calgary	13	29	.310
Edmonton	12	30	.286
Vancouver	11	31	.262
Los Angeles	10	32	.238

WESTERN CONFERENCE

Team	W	L	Pct.
St. Louis	31	11	.738
Chicago	29	13	.688
Calgary	25	17	.595
Edmonton	23	19	.548
Vancouver	22	20	.524
Los Angeles	21	21	.500
Pittsburgh	20	22	.476
Quebec	19	23	.452
Boston	18	24	.429
Montreal	17	25	.405
St. Louis	16	26	.381
Chicago	15	27	.357
Calgary	14	28	.333
Edmonton	13	29	.310
Vancouver	12	30	.286
Los Angeles	11	31	.262

TUESDAY'S RESULTS

Philadelphia 2, St. Louis 1
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